

10/20/78

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Frank Press to Pres. Carter, 5 pp., re:US & USSR S&T Joint Meeting <i>General 6/6/72</i>	10/12/78	A
Memo	McIntyre & Owen to Pres. Carter, 8 pp., re:common Fund <i>opened per RAC NLC-126-14-42-1-9, 6/27/13</i>	10/18/78	A
resume of	Service & Career:LTG George M. Seignious, II RE:SSAN	4/3/74	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
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THE PRESIDENT'S SCHEDULE

Friday - October 20, 1978

8:15 Dr. Zbigniew Brzezinski - The Oval Office.

10:00 Signing Ceremony for H.J. Res. 638, ERA Extension
(15 min.) Legislation. (Mr. Frank Moore) - Cabinet Room.

10:30 Mr. Jody Powell - The Oval Office.

11:00 Mr. Charles Schultze - The Oval Office.
(20 min.)

THE WHITE HOUSE
WASHINGTON

Oct. 20, 1978

Zbig Brzezinski
Frank Press

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

~~SECRET~~ ATTACHMENT

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

10/20/78

Mr. President:

No comment from Hamilton.

Rick

~~SECRET/GDS~~

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

October 12, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: Frank Press *FP*

SUBJECT: US-USSR S&T Joint Commission Meeting

C

In July you directed me to cancel my impending visit to the USSR as US Chairman of the Joint Commission on US-USSR S&T Cooperation. This S&T agreement is the senior US-USSR bilateral. Zbig and I have recently reviewed the desirability of rescheduling the meeting. As a result, I recommend that we reschedule this meeting for early 1979, but that we hold off on announcing this until Levich, the leading Soviet scientist who has not been allowed to leave, is released. The following factors are pertinent to the timing of the meeting:

1. Kennedy has word from his sources that Levich will be informed of his impending emigration within the next two weeks. This movement on human rights would make rescheduling acceptable to those US scientists who would otherwise attack the Administration for moving ahead on scientific exchanges. Indeed, if we proceed prematurely, we risk having a scientific exchange in which many prominent US scientists fail to participate, and do so vociferously. We should, therefore, hold off on any announcement of rescheduling until Levich is released.

2. Our relationship with China will be very much in the news from now through the end of the year. Delegations will be traveling between China and the US to discuss exchange, energy, and space programs in the next two months. Our discussions with Peking on all of these programs already have been publicized and visits will increase public and Soviet attention on these relationships. I believe it would be useful in our relations with both the PRC and the Soviets to take the balancing step of holding the Joint Commission meeting.

3. There is enough progress in US-Soviet relations so that our moving forward on the Joint Commission could be portrayed credibly as responding to more than just Soviet movement in human rights.

4. I will be tied up in the budget process after mid-November.

Considering all of the above, the announcement of the visit after Levich is released would be tied to progress on SALT, occur at a time when the Soviets would be concerned about our growing S&T relationships with

~~SECRET/GDS~~

Jay 3/27/92

~~SECRET~~

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China, and also be acceptable to those who are especially concerned about the plight of the dissidents.

I would take the opportunity during the visit to discuss privately with Kirillin both our concerns about dissident issues affecting S&T and other areas of cooperation. I will not raise our S&T relationship with China, to avoid appearing defensive. If, as he undoubtedly will, Kirillin brings up the subject I would give a straightforward explanation and note that programs with China are strictly limited to civil areas and are as yet quite small compared to the US-USSR program which has developed over the last five years.

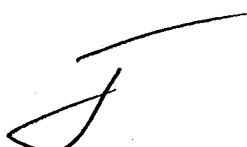
Areas scheduled for discussion during official sessions include the discussion of a few areas where we are seeking improved performance by the Soviets, and initiation of a few new areas of cooperation within the existing framework. There are no new items of significance in size or scope.

If you agree, I will plan to inform the Soviets of the proposed rescheduling soon after Levich is released. If Levich is not released within a month, and if US/USSR relations progress to the point that a Summit has been announced, I would take soundings in the US scientific community to determine whether we could proceed with the meeting despite Levich's situation.

Dr. Brzezinski concurs. *2B*

President approves ✓

other



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for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

October 20, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *W*

SUBJECT: Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 10/13</u>	<u>WEEK ENDING 10/20</u>
Presidential	21,570	26,150
First Lady	1,340	1,250
Amy	170	680
<u>Other First Family</u>	<u>110</u>	<u>100</u>
TOTAL	23,190	28,180

BACKLOG

Presidential	9,015	5,410
First Lady	215	170
Amy	0	0
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	9,230	5,580

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	7%	8%
WH Correspondence	54%	52%
Unanswerable Mail	15%	14%
White House Staff	7%	8%
Greetings Requests	15%	17%
<u>Other</u>	<u>2%</u>	<u>1%</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters	1,295	23,866
Form Post Cards	4,125	9,200
Mail Addressed to White House Staff	17,255	14,562

cc: Senior Staff

MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 10/20/78

ISSUES	PRO	CON	COMMENT ONLY	NUMBER LETTERS
Support for Proposed IRS Guidelines for Determining Tax Exempt Status of Private Schools	1%	99%	0	1,064
Support for the Amendments to the Rehabilitation Act of 1973 HR 12467	100%	0	0	868
Support for Treatment of Jehovah's Witnesses in Argentina	0	100%	0	477
Support for Reduction of Capital Gains Taxes (1)	97%	2%	1%	454
Support for Aid to Nicaragua	0	100%	0	427
Support for Appointment of Sarah Weddington	2%	98%	0	393
Comments re: Domestic Economic Situation (2)	0	0	100%	317
Support for President's Veto of 1978 Public Works Bill	96%	1%	3%	278
Support for Ecumenical Coalition Proposal to Reopen Steel Mills in Youngstown, Ohio (3)	100%	0	0	267
Support for Pardon for Patricia Hearst (4)	94%	6%	0	243
Support for Surface Trans- portation Assistance Act of 1978 HR 11733 (5)	99%	1%	0	240
			Total	5,028

(See Notes ~~Attached~~)

1:30 PM

THE WHITE HOUSE
WASHINGTON

October 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*
SUBJECT: Meeting with Mayor Tom Bradley and Lord Killanin
Friday, October 20, 1978
1:30 p.m. Roosevelt Room

Purpose

The purpose of this meeting is to formally execute the contract awarding the 1984 Summer Olympic Games to the City of Los Angeles. The brief ceremony is being held in the White House as a favor to Tom Bradley and so that you will have a chance to comment on your Administration's support of amateur athletics.

Talking points prepared by Bob Berenson of Stu's staff are attached; this memo was jointly developed by our staffs.

Background

Los Angeles hosted the 1932 Summer Games. After receiving the designation from the U.S. Olympic Committee in 1977, the City of Los Angeles has been negotiating with the International Olympic Committee for over one year. In the Proposition 13 mood and with the history of cost overruns in Montreal, the Los Angeles City Council was reluctant to accept full financial liability for the Games. The final agreement being signed today is unique in that a private group of citizens in conjunction with the U.S. Olympic Committee will co-sign the contract to accept financial liability on behalf of the City of Los Angeles. The agreement is the result of sincere good faith and compromise by all parties.

Your Personal Involvement

You agreed in August 1977 to serve as Honorary President of the U.S.O.C. Earlier this year you wrote a note of encouragement to Lord Killanin indicating your personal interest in having the games in Los Angeles. A few weeks ago, you wrote a letter to Mayor Bradley assuring him that the federal government would fulfill its responsibilities to guarantee the security of foreign visitors in Los Angeles for the Games.

Federal Role

No detailed commitments have been made for security or other federal participation. We expect that Los Angeles will seek substantial federal funds for the construction of facilities as well as for security arrangements. It is premature at this point to give any indication of the extent of federal support.

In 1976, Congress appropriated over \$50 million to Lake Placid, New York primarily for construction relating to the 1980 Winter Olympics. It appears that there are already significant cost overruns.

Just before adjournment, Congress passed the Amateur Sports Act (S. 2727) which has not yet come to your desk. The bill was based on recommendations from a two-year (1975-77) study by the President's Commission on Olympic Sports. The bill essentially implements reforms in the U.S. Olympic movement through reorganization of amateur sports under the umbrella of the U.S.O.C. In a separate bill (H.R. Res. 1139) you signed an authorization for a federal grant of \$16 million to the U.S.O.C. as one-time seed money to accomplish purposes of the Amateur Sports Act. This precedent of federal funding for amateur sports has been the most controversial aspect of the legislation.

Format

After a brief introduction by Jack Watson, Mayor Bradley will make a statement about his pleasure in hosting the Games. Lord Killanin will also have a few words to say. At that point, you could drop in and simply provide an opportunity for photographs, or you could make a statement. The event should take ten minutes total.

Participants

Executing the contract will be Tom Bradley and Lord Michael Killanin, President of the International Olympic Committee.

Attending the ceremony will be:

Robert J. Kane, President of the U.S. Olympic Committee

Mrs. Robert Kane

Lady Sheila Killanin

Staff representatives from Senator Alan Cranston's office and from Congresswoman Yvonne Burke's office, in whose district the Games will be held.

Staff from the U.S. Olympic Committee

Staff with the Mayor

Mr. John Argue and Mrs. Argue, President of the Citizens Group

Press

There will be full coverage; the event will be front-page news in Los Angeles.

Attachment

TALKING POINTS

The agreement signed today represents a unique alliance between the City of Los Angeles, a Committee of concerned private citizens, and the United States Olympics Committee to enable the 1984 Olympic Games to be held in the United States. You congratulate every one concerned on their dedication, perserverance, and ingenuity in achieving this agreement and in returning the Games to Los Angeles where they were held in 1932.

In the United States, the Federal Government does not have major responsibility for conducting the Olympic Games, as is the case in other countries. This agreement represents private initiative at its best. While the Federal Government will play an important and customary role in supporting the Games, such as helping to guarantee the safety of international participants and visitors, its role is a subsidiary one.

In a similar way, while the Amateur Sports Act has not yet reached your desk, you understand that it creates a new sports structure in the country under the umbrella of the United States Olympics Committee, not the government. As Honorary President of the USOC, you hope that the sports re-organization will aid the Olympics efforts in coming years and, even more importantly, provide an environment where athletes can develop skills to their maximum potential and compete in sports events unencumbered by jurisdictional disputes between sports organizations.

THE WHITE HOUSE
WASHINGTON

10/20/78

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Please notify USDA.

Rick Hutcheson

cc: The Vice President
Frank Moore
Zbig Brzezinski
Jim McIntyre
Charlie Schultze

Note: The President has not signed the letters yet.

<input checked="" type="checkbox"/>	FOR STAFFING
<input checked="" type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input checked="" type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input checked="" type="checkbox"/>	IMMEDIATE TURNAROUND
<input checked="" type="checkbox"/>	NO DEADLINE
<input checked="" type="checkbox"/>	LAST DAY FOR ACTION -

Stn - pls notify USPA

Note Pres has not yet signed letters

ACTION
FYI

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
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<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

THE WHITE HOUSE
WASHINGTON
October 18, 1978

C

MEMORANDUM FOR: THE PRESIDENT

FROM:

STU EIZENSTAT
LYNN DAFT

She
Lyne

SUBJECT:

Sugar

We have discussed the attached memorandum from Senator Long (Tab A) and your call from Senator Stone with Charlie Schultze, Howard Hjort at USDA, Jules Katz at State, and Eliot Cutler at OMB. You have since received a similar letter from Congressmen Foley and Ullman (Tab B). We are in agreement that there is need for the Administration to announce: (a) its intention to seek sugar legislation early in the next session of Congress, including authority to implement the International Sugar Agreement, and (b) that we will continue to use existing authority for fees and tariffs to protect domestic prices.

The only point of disagreement is over the level of domestic price to protect. Under the de la Garza program that continues through the remainder of the 1978 crop year, we are required to offer loans at 14.7 cents per pound. Thus, to avoid Commodity Credit Corporation takeover of large quantities of sugar, we must protect a domestic price of 14.7 cents. We do this through the combined use of import fees and duties. In his telegram, Senator Long recommends that this price objective be raised to 15.0 cents. USDA, State, OMB, and DPS recommend that we accommodate Senator Long's request in an effort to win his cooperation next session on a variety of items, help secure ratification of the International Sugar Agreement, and be consistent with our position during the Congressional debate last week. CEA argues against the increase on grounds that we are under no obligation to raise prices any further and we are not likely to get anything in return.

For your information, the price of sugar on the world market fell earlier this week, in response to the failure of Congress to agree on a sugar bill, although the decline appeared to moderate in trading Tuesday and Wednesday. (See attached Wall Street Journal clippings at Tab C.) Nonetheless, in recent weeks the world price of sugar has rebounded significantly from the very low levels reached in late July (Tab D), and is now around 9 cents per pound. The duties and fees now in effect, plus transportation and insurance, impact domestic price as follows:

8.75¢	- 10/17 world price for January futures
2.81¢	- duty
2.70¢	- fee
.75¢	- transportation and insurance
15.01¢	- domestic price

Thus, even with the slide in price early this week, the duty and fee now in effect are protecting a domestic price of around 15 cents.

During negotiations with Senator Long last week, we offered (with the approval of CEA, OMB, and the Department of Agriculture) either of the following options: First, a three-year bill with 15¢ market price in the first year together with a 3/4¢ payment, 15½¢ in the second year with a 1¢ payment, and 16¢ in the third year with a 1¢ payment; second, a two-year bill with 15¢ market prices the first year together with a 3/4¢ payment, and with 15.8¢ in the second year with an .8 cent payment. Thus, our agreement with the 15¢ proposal by Senators Long and Stone would be consistent with our negotiations. Since we are already protecting 14.7¢, it seems we should go up .3¢ to the position we took - albeit in the context of legislation - only a few days before. If we indicate in your letter that you have held to no more than 15¢ and will continue to do so, it should help avoid the perception that you have taken an inflationary step beyond your earlier position.

Subsequent to the Long-Stone communication, Congressmen Foley and Ullman made a similar request but also asked for a commitment to a 15.8¢ price in the second year (crop year 1979). Although we did make this proposal in our negotiations, we believe you should simply say that crop year 1979 and beyond should be considered in the context of legislation. A suggested response to them is attached.

THE WHITE HOUSE
WASHINGTON

Vice President's office
called to explain this
line.

Basically, they (including
Vice President) are asking
if you would please make
phone call just before
you leave tomorrow morning
on the trip....which would
work out best for them.

ok
J

If you approve the 15 cent level of support, the Vice President would like to be able to announce it when he is in Minnesota this weekend. However, it is also important that you get the political value of calling Senators Long and Stone. We suggest that your calls be coordinated with the Vice President's schedule so they can be done simultaneously. *

Suggested talking points and a draft response are attached.

DECISION

- ✓
_____ 15¢ price for 1978 crop (USDA, OMB, State, DPS)
_____ 14.7¢ price for 1978 crop (CEA)

*But with
Commitments on
ISA*

7
THE WHITE HOUSE
WASHINGTON

10/20/78

Bob Linder

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. Press release should be coordinated with R. Heinlick (3320) at STR.

Rick Hutcheson

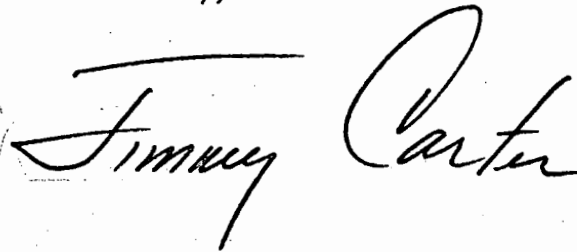
cc: Stu Eizenstat
Frank Moore
Zbig Brzezinski
Jim McIntyre
Charlie Schultze

THE WHITE HOUSE
WASHINGTON

To Vice President Walter Mondale

In accordance with section 203(b)(2) of the Trade Act of 1974, enclosed is a report to the Congress setting forth my decision that import relief on unwrought, unalloyed copper is not in the national economic interest, and explaining the reasons for my decision.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Walter F. Mondale
President of the Senate
Washington, D.C. 20510

THE WHITE HOUSE
WASHINGTON

10/20/78

Mr. President:

Stu's memo summarizes all views. Memos from Strauss, CEA and NSC are attached if you care to read them.

Congressional Liaison has no comment.

THREE SIGNATURES REQUESTED:

at Tab I if you choose
to grant relief;

at Tab II if you choose
to deny relief.

Rick

THE WHITE HOUSE

WASHINGTON

October 20, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Sh*
HOWARD GRUENSPECHT
SUBJECT: Copper Import Relief Case

The Problem

After making a determination that the domestic copper industry has been injured by increased imports of refined copper, the U.S. International Trade Commission (ITC) recommended that you impose a very restrictive quota on imports of refined copper for five years. None of the agencies in the Trade Policy Review Group (TPRG) supports the ITC recommendation, which would be highly inflationary.

Background

The domestic copper industry (concentrated in Arizona, New Mexico, Utah and Montana) has been depressed since late 1974, when both world demand and world prices for copper fell sharply. Although copper consumption has since reached near-record levels, world prices have recovered less rapidly and are still below the break-even level for some U.S. producers. The competitiveness of the domestic industry has been adversely affected by environmental regulations that add up to 10¢ per pound to the cost of producing copper - a considerable burden when prices are in the 60¢-70¢ range. While copper markets are very sensitive to cyclical economic fluctuations, most analysts expect the world price of copper to rise sharply in the early 1980's as existing inventories are exhausted and demand outstrips available capacity.

The market share of refined copper imports has nearly tripled from its 1973 level of 8.8 percent. However, declining imports of other forms of copper compensate for a significant part of this increase. The 1977 level of import penetration by all forms of copper was exceeded in eight of the previous fifteen years. Refined copper

imports entered the U.S. at very high rates in the first half of 1978 (possibly in anticipation of import relief) but moderated considerably in July and August.

Options

The TPRG has proposed two alternatives for your consideration.

I. Grant import relief for three years in the form of a tariff rate quota designed to prevent the price of imported copper from falling below its present level. This remedy would not cause the price of imported copper to rise above its current level. The STR, Interior and Labor favor this option.

II. Deny import relief. State, Treasury, Commerce, Agriculture, Justice, CEA and NSC favor this option.

Ambassador Strauss recommends that, whether or not you grant import relief, you announce your intention to institute an intensive review of regulations affecting the copper industry.

The basic arguments in favor of granting import relief in the form of a minimum price for imported copper (Option I) are:

1. This relief will not have any real inflationary impact unless world copper prices fall, in which case the domestic industry deserves relief.

2. The recent slump in the copper industry was accompanied by, if not caused by, increased imports of refined copper. Relief would reassure Congress of our willingness to protect seriously depressed industries, thereby discouraging attempts to revise the trade laws to limit Presidential discretion.

3. A decision for relief would be well received in the Western states where the copper industry is concentrated. Our decision may influence the posture of Western state delegations on other trade issues, including the MTN agreements.

The basic arguments in favor of denying import relief (Option II) are:

1. Whether or not import relief would have any real inflationary impact, a decision for relief would be inconsistent with the anti-inflation program you will soon announce. Relief would be interpreted, both domestically and internationally, as evidence that we are unable to resist special interest pressure for government action to raise prices.

2. Imports of intermediate forms of copper have fallen as imports of refined copper have increased. Since overall penetration of the U.S. copper market by foreign supplies has not increased substantially, relief is unwarranted in this case.

3. The particular form of import relief under consideration would set a very undesirable precedent by extending, for the first time, the minimum support price approach to the industrial commodity sector.

4. The Administration has, to date, firmly resisted the notion that consumers or our trading partners should be forced to shoulder the burden of environmental regulations imposed on producers. Import relief in this case would weaken our commitment to the "polluter pays" principle and open us to petitions for protection and/or financial assistance from the many other industries that must bear significant costs imposed by Government regulations.

5. This case has attracted little Congressional interest, so an override of a decision to deny import relief is not likely.

6. In addition, if world copper prices fall, relief would

(a) have a significant inflationary impact

(b) damage the competitive position of our copper fabricating industries

(c) hurt our trading partners

The arguments in favor of import relief (Option I) are not compelling. First, we will not achieve our overall inflation objectives if prices that would otherwise fall are prevented from doing so, since some price declines are needed to balance those price increases that will

inevitably exceed our guidelines by a significant amount. Second, our record of responsiveness in trade issues involving steel, stainless steel, shoes, televisions, and CB radios should be enough of an indication of our willingness to grant protection where warranted to forestall Congressional attempts to rewrite the trade laws. Even if we ultimately need to extend relief in some questionable cases to convince Congress of our openmindedness, we should select cases involving industries that are smaller, less central in the industrial structure, and where it is clearer that imports are the main cause of injury. Finally, the MTN agreements will not be considered by Congress until April at the earliest (and probably not before summer). It is too early to be trading unwarranted protection for prospective MTN votes, especially in view of the low level of Congressional interest in this case.

Politically, relief would be ill-timed in view of your impending statement on inflation. Economically, besides exposing us to the risk of real inflationary impact, relief would set two undesirable precedents by violating the "polluter pays" principle and extending minimum pricing schemes to the nonagricultural sector. We have had enough problems in these areas (for example, the proposed aircraft noise bill and the sugar price support program) to make us extremely wary of taking this path.

Accordingly, I recommend that you deny import relief (Option II).

I also recommend that you announce the regulatory review proposed by Ambassador Strauss. A similar regulatory review, undertaken by EPA and the steel companies as an outgrowth of the Solomon Report has already improved the exchange of information between that industry and its regulators. As Ambassador Strauss suggests, this announcement should stress our continued commitment to protecting the environment.

This is a close call. I strongly suggest you talk with Bob Strauss to see how critical he feels some relief is to passage of the MTN -- particularly in light of the fact that the low-valued tariff rate quota he proposes is unlikely to have an inflationary impact, since prices are likely to remain above the supported price (despite the bad precedent of a minimum import price scheme).

DECISION

A. Import Relief

_____ Option I Tariff Rate Quota to prevent decline in imported copper prices. (Recommended by STR, Labor, Interior)

_____ Option II -- Deny Relief. (Recommended by State, Treasury, Commerce, Agriculture, Justice, CEA, NSC and DPS)

B. Regulatory Review

_____ Option I. Announce Regulatory Review (Recommended by STR, CEA and DPS)

_____ Option II. No Regulatory Review

C. Other Measures if Relief is Denied

_____ Six month study; reaffirm support for legislation authorizing copper acquisition; LDC export restraints and other actions to strengthen industry set forth on page 6 of Strauss memo (Commerce)

_____ No such announcement if relief is denied (All other Agencies)

THE WHITE HOUSE

WASHINGTON

October 18, 1978

INFORMATION

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY OWEN ~~MO~~

SUBJECT: Copper Relief Case

*Concur
25.*

I recommend that you deny import relief to the domestic copper industry. I believe that the tariff rate quota system proposed by Interior and Labor and supported by Bob Strauss would (a) violate our commitments at the Bonn and London Summits to resist protectionism; (b) exacerbate inflationary pressures; and (c) adversely affect our relations with copper exporters.

1. Protectionism. The Summit communique says that "today's world economic problems cannot be solved by relapsing into open or concealed protectionism". In the coming weeks, you will have to announce decisions in several significant import relief cases. If we restrict imports, as recommended by the ITC, the US commitment to resist protectionism will be placed in doubt. Other countries will then find it more difficult to resist demands for greater protection from their own import-impacted industries.

The copper industry has passed through a difficult period. Many of its problems stem from federally-mandated pollution control requirements, which have raised the domestic cost of production and reduced the industry's competitive edge. I agree with Bob Strauss that we should undertake an immediate review of regulatory policies to determine whether they are reasonable, in light of the industry's financial condition. I consider this approach preferable to import relief, which would give the industry a breathing spell but not deal with the underlying causes of its unsatisfactory performance.

2. Inflation. I am concerned that you would have to announce your decision on copper, which clearly will have an inflationary impact, just as we are launching an anti-inflation program. But I won't go further into this, since I assume that the inflationary aspect will be addressed by Charlie Schultze.

3. Effect on Exporting Countries. Import relief will damage our relations with Canada, Peru, Chile, Zambia and other copper exporters. I attach a memo summarizing the findings of NSC staff members on this point.

NSC Staff Memorandum

Impact on Foreign Relations of Trade Restrictions on Copper

Import restrictions would damage relations with Canada, Peru, Chile, and Zambia, which together accounted for 79.5% of total US imports of unalloyed unwrought copper from January 1, 1976 to July 31, 1978.

Canada has been our principal supplier and a reliable source during national emergencies and shortages. Trade restrictions could injure Canada's copper industry, which faces many of the same problems as its US counterpart.

Peru is attempting to transfer power to a civilian and democratic government, while simultaneously carrying out a severe IMF-sanctioned stabilization program. Restricting a major Peruvian export would be seen as inconsistent with our human rights and democratization policy and also have a serious destabilizing effect on the Peruvian economy.

Chile is among the most active LDC participants in the MTN. Since copper accounts for 54% of Chile's export earnings (half of which services Chile's foreign debt), the Chilean government has informed us that it would withdraw virtually all tariff concessions offered if we restricted copper imports. Our action and Chile's response could affect the attitude of other LDC's toward the MTN.

Zambia has only recently become a major copper supplier to the US market. The quota proposed for Zambia represents only 29.2% of Zambian copper shipments to the US during 1976-77. The loss in copper revenues would largely offset any benefits Zambia might derive from bilateral aid programs now under consideration. During Kaunda's visit here, we made clear our determination to help Zambia economically. Import restraints would make a mockery of that commitment.

Also, in the next year or so, we may initiate a large-scale economic assistance program for Zimbabwe, another copper producer. A quota system would leave no room for Zimbabwe and again put us in the position of providing aid with one hand, while taking away with the other the economic benefits on which a healthy long-term relationship must rest.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

October 17, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*
SUBJECT: Copper Relief

I recommend that you choose to provide no relief for the refined copper industry at this time. I feel that the suggested form of relief is inappropriate for five reasons:

1. Overall copper imports in recent years have not reached historical highs. The increase in refined copper imports is largely a diversion from imports of copper at other stages of production.
2. Environmental regulations are probably the primary cause of domestic loss of competitiveness and low production.
3. The current state of the refined copper industry is partly a result of cyclical forces -- forces that are questionable grounds for the granting of import relief.
4. The timing of import relief would be a serious setback for the anti-inflation policy.
5. The value-bracketed tariff is a very poor technique for providing relief -- for the first time setting a price floor for a non-agricultural industry.

If you feel that it is necessary to respond to the copper situation, then "regulatory relief" may be more appropriate than "import relief." I would endorse Strauss' plan to have an interagency group review our regulatory programs to see

if there are areas where the burdens could be lightened. Given our experience with working with EPA and other agencies on steel and lead, however, I can not hold out much hope that the regulatory agencies will be very forthcoming in copper.

1. The Magnitude of Copper Imports

Whereas it is true that refined copper imports are at a historically unprecedented level (see accompanying table), total 1977 imports of copper as a proportion of total U.S. copper consumption are lower than they were in 1958-68 and in 1974 and 1976. In only 6 of the last 20 years was the proportion of total copper imports lower than in 1977. This highlights the fact that the copper import problem is in fact merely a shift from one form of copper imports to another. While refined copper imports have been rising, imports of ore and blister have been declining. U.S. excess demand over domestic supply in the copper market today as in the past is met by imports, but not at an increasing rate.

There was a surge of refined imports during early 1978 -- perhaps in anticipation of import quotas. Without complete data for the year, it is hard to interpret these data.

The changes in the composition of these imports are a result of changes in competitiveness of the various stages of production. Much the same phenomenon is seen in oil imports. This is not a problem that is appropriately solved through import relief. We have not used import relief to protect particular production processes within an industry in the past and we do not want to do so in the future.

2. Environmental Regulations

The major reason for the declining competitiveness at the refinery stage has been environmental regulations that have increased U.S. costs over foreign costs by approximately ten cents a pound. For this reason, copper that was formerly imported as ore or blister copper and then refined domestically is now being imported in an already refined form.

Is it proper for government to bail out industries because of environmental or other government-mandated costs? We have faced this problem many times, most recently in the case of using the airline ticket tax to finance new airplanes. We cannot afford for the government to pay for mandated costs -- either directly out of taxes or indirectly through inflation. Not only would this impose a heavy economic burden, but it would frustrate adjustment of industries to changing costs.

3. Cyclical Economic Factors

An additional factor that accounts for the surge of copper imports is the 1976-1977 cyclically weak U.S. demand and strong international supply. This case is made persuasively by Commissioner Ablondi in the I.T.C. report. To the extent that these cyclical factors are the primary causes of injury, import relief is not authorized by the 1974 Trade Act.

4. Inflation

The cost to U.S. consumers of the proposed value-bracketed tariff rate quota depends on what the price of refined copper would have been without the relief. If the 1979 U.S. price would have been greater than 68¢ a pound without the tariff, the policy will have no economic effect (except that it would serve as a guaranteed minimum support price as discussed in Section 5 below). However if, as many feel, the 1979 price would have been 62¢, then the cost to consumers would be more than \$270 million -- almost \$110,000 per job created in the industry. This policy alone would have the impact of increasing the 1979 inflation rate as measured by the Producer Price Index by 0.2 percent. And since the refinery stage of production accounts for approximately 10 percent of the total value of production in the copper industry, this relief package, while potentially expensive, should have only a very small impact on employment in the industry as a whole.

Aside from any actual impact, the announcement would be a disaster because of the timing of the announcement. You would be announcing the imposition of copper relief and its inflationary impact within a few days of the announcement of our new anti-inflation program. Such an announcement would demonstrate that we were unwilling to take tough measures to dampen inflation.

5. Minimum Support Prices

The proposed value bracketed tariff rate quota is essentially a minimum support price. I am fundamentally opposed to setting a precedent by extending our agricultural minimum support price program to non-agricultural sectors. We could be engaged in political battles like those on sugar, to set prices, for every major industry. Fundamental philosophical opposition to such a policy has also been expressed by several other agencies. We are not in the business of insuring industries against downside risk from cyclical economic factors or other reasons.

Attachment

Imports of Copper, by Type, 1958-77
(in thousands of short tons)

	<u>Ore</u>	<u>Blister</u>	<u>Refined</u>	<u>Total</u>	<u>Total Imports</u> <u>Domestic Consumption</u> (%)
1958	92.6	268.2	128.5	489.3	38.3
59	81.6	269.0	214.1	564.7 s	38.0
60	80.6	298.4	142.7	521.7	38.0
61	47.4	339.2	66.9	453.5	30.5
62	43.6	331.7	98.8	474.1	29.5
63	48.4	369.0	119.2	536.6	30.6
64	52.0	389.6	138.0	579.6 s	31.1
65	36.9	332.6	137.4	506.9	24.9
66	41.9	349.9	162.6	554.5	23.3
67	33.0	269.3	330.3	632.6 s	31.9
68	27.6	270.7	400.3	698.8 s	37.2
69	39.0	237.9	131.2	408.1	19.0
70	33.8	224.4	132.1	390.3	19.0
71	31.3	156.7	164.0	352.0	17.4
72	55.0	157.4	192.4	405.0	18.1
73	42.9	154.1	199.9	396.9	16.2
74	56.0	207.8	303.9	567.7 s	25.8
75	74.0	89.0	146.0	309.0	20.1
76	88.9	44.5	380.7	514.1	25.8
77	59.9	46.2	390.8	496.9 s	22.8

s = strike year

Source: Copper Development Association

THE WHITE HOUSE
WASHINGTON

10/20/78

Zbig Brzezinski

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Jim McIntyre

COMMON FUND

~~CONFIDENTIAL~~

DECLASSIFIED

Per, Rac Project

ESDN: NLG-126-14-42-1-9

BY KS NARA DATE 6/24/13

THE WHITE HOUSE
WASHINGTON

Mr. President:

Charlie Schultze concurs
with McIntyre and Owen.

Rick/Bill

~~CONFIDENTIAL~~

6172

THE WHITE HOUSE

WASHINGTON

October 18, 1978

~~CONFIDENTIAL~~ GDS

INFORMATION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM MCINTYRE *Jim*
HENRY OWEN *HO*

SUBJECT:

The Common Fund

DECLASSIFIED

Per: Rac Project

ESDN: NIG-126-14-22-1-4

BY: *KS* NARA DATE *6/29/13*

1. State Proposal. In the attached memo (Tab A) Secretary Vance reports to you on the results of the Congressional consultations about the Common Fund that you directed, and seeks authority to take a new approach in the negotiations in Geneva. State would like to send out a telegram of instructions tomorrow (Thursday), since preliminary discussions will conclude shortly.

The Secretary reports that Congressional consultations produced a yellow light: Some members were skeptical, some friendly, and some in between. In light of these diverse reactions, and since a proposal for a Common Fund Treaty would not go to the Congress until the fall of 1979 or, more likely, early 1980, he concludes that it is impossible to predict how the Congress would respond. He is clear, however, on one point: The Congress would insist that a Common Fund only come into being when an adequate number of commodity agreements are in place and are working effectively. (This is not yet the case, but the US is working on it; it will take time.)

The Secretary concludes that the US can proceed with caution to the next step of negotiations. He recommends two changes in the US position: The US should be prepared to make a direct contribution of up to \$60 million for the first window of the Fund, and should agree to creation of a narrowly circumscribed second window to which the US would not contribute, at least initially. Creation of the Fund should depend on participation of an adequate number of effective commodity agreements.

2. Treasury View. Mike Blumenthal concurs (Tab B) with Secretary Vance's recommendation, making clear that he only does so because (i) creation of the Common Fund is to be tied to the existence of four or five effective commodity agreements, and (ii) any direct contributions to the first window are only to be used to enhance the credit worthiness of the Common Fund. (He mentions using direct contributions as a contingency reserve, but agrees that this is only one of the ways in which the Fund's credit worthiness could be enhanced.) He recommends further Congressional

~~CONFIDENTIAL~~ GDS

~~CONFIDENTIAL~~

consultations as the negotiations evolve; and this is intended. He believes that the proposals that Secretary Vance is putting to you go to the limit of what would ultimately be supported by the Congress.

3. Our View. We also concur in Secretary Vance's proposal.

Although there is always some risk that the tentative US commitment to a direct contribution would become only a first bargaining chip, to be followed by others, Secretary Vance clearly has this risk in mind: He indicates in his memo that he assumes there will be no further significant changes in the US negotiating position, and that he will conduct the negotiations accordingly. We agree with him on both points: The US should not go beyond this proposal, and this should be made clear to LDCs. It would be less than honest, however, not to point out that some risk of an unfavorable outcome to the negotiations is inherent in the course proposed in Tab A. There is also, of course, some risk of an eventual Congressional turn-down of a Common Fund proposal, even if the US does not go beyond Vance's proposal.

While direct contributions to the Fund's first window would not have great economic value, the developing countries will not set up a Common Fund without such contributions. And while the Fund is not essential from an economic standpoint, it would significantly assist the effective functioning of commodity agreements, which can be very useful in stabilizing prices. Moreover, the Fund has acquired great symbolic importance for LDCs. On balance, the advantages warrant proceeding.

4. Frank Moore concurs.

RECOMMENDATION

That you approve the proposals in the attached memorandum from Secretary Vance.

I concur; this has become a test of our ability to fashion a forthcoming North/South economic policy, matching the political progress the gm + Study have made.

2B.

THE SECRETARY OF STATE
WASHINGTON~~CONFIDENTIAL~~

October 13, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: Cyrus Vance (RV)
SUBJECT: COMMON FUND

Last August you approved the recommendation in our memorandum of August 18 that we move forward to achieve a timely and successful conclusion of the Common Fund negotiations, but that we take a firm position on the issue of a direct U.S. contribution only after consultations with the Congress.

We have now carried out a portion of those consultations and the response we have gotten is essentially a yellow light. The following points emerged:

-- The Senators, Representatives and staffers we have spoken with all emphasize that it is impossible to predict the mood of the Congress 18 months ahead when a specific proposal for a Common Fund involving a direct contribution to finance buffer stocks (first window) and a voluntary second window might come up for consideration.

-- Four Senators--Church, Ribicoff, Stevenson, and Javits--were agreed that a Common Fund on the scale envisaged,--that is, with a US contribution of \$50-60 million--would not jeopardize or compete with our other foreign assistance programs.

-- A condition of Congressional support for a Common Fund would be making its entry into force--though not its negotiation--subject to the existence of an adequate number of effective international commodity agreements prepared to accede to the Fund. There are now four commodity agreements--coffee, sugar, tin, and cocoa (the U.S. is not a member of the latter), and one in prospect, rubber. For diverse reasons, none are functioning effectively.

~~CONFIDENTIAL~~

GDS

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-14-42-1-9

BY KS NARA DATE 5/24/13

~~CONFIDENTIAL~~

- 2 -

-- It would be easier to secure Congressional approval for a \$40-60 million US contribution than \$100 million, which would be much more visible, but even a \$40-60 million contribution would have to be seen to offer specific benefits to the United States; it could not be sold on "political" grounds alone.

The Congressional consultations we have carried out so far are inconclusive in that we cannot predict the chances for success or failure on the Hill. At the same time nothing we learned in the consultations would preclude us from proceeding to adopt a negotiating position that would meet the basic stipulations laid down by the ASEAN countries in our meetings with them last August, namely, scaled down direct contributions to the first window, and a narrowly circumscribed second window based on voluntary contributions.

We will have further informal consultations in Geneva October 19-20 to set the stage for a resumed negotiating conference beginning November 14. Our preference is to cut a deal at that conference, but we recognize this may not be possible and therefore anticipate subsequent negotiating sessions.

To participate constructively in the meetings through November, we need a negotiating mandate that will enable us to tell the 77 that we are prepared to negotiate seriously, but that we are not going to move unless they show convincing signs that they are able and willing to reciprocate. We would not necessarily reveal our full position this month or even in November but rather would adjust our tactics to our assessment of the prospects for G-77 willingness to accept a package deal.

A flexible, forthcoming US position would permit us to regain the initiative in seeking a successful outcome to the negotiations. Even so, there is a good chance the 77 might not meet our position, either because they consider it inadequate or because they lack the flexibility to compromise.

As necessary we will seek more specific authority from you on particular issues as the talks progress and possible trade-offs become clear.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

- 3 -

Recommendations

I recommend you authorize us to negotiate a Common Fund with a direct US contribution to the first window of up to \$60 million. The use of such a contribution would be tightly defined. This amount need not be contributed all at once but could be linked to the establishment of individual commodity agreements and their accession to the Fund. In any case the Fund would only become operative on the condition that an adequate number of agreements were prepared to join.

Approve ✓ Disapprove

I further recommend that you give us authority to accept a tightly defined second window, based on voluntary contributions, with the understanding that the US would not intend to contribute to such a second window, at least at the outset.

Approve ✓ Disapprove

If you approve these recommendations I will assume that no further significant changes in the US negotiating position are intended, and direct that our negotiations about the Common Fund be conducted accordingly.

~~CONFIDENTIAL~~



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

October 17, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Common Fund

I understand that you are considering changing your instructions to the Common Fund negotiating team to authorize

- 1) direct contributions to the first window of up to \$60 million, and
- 2) acceptance of a tightly defined second window.

Although I continue to have serious reservations about the whole enterprise, as expressed in my note to you of August 17, 1978, I can generally concur in the above recommendations. This is so because I understand that the use of any direct contributions to the first window is to be tightly defined so as to serve as the contingency reserve mentioned in my earlier note. These resources, thus, are to be used only to enhance the creditworthiness of the Common Fund. Any use that might call for replenishment or that would give countries with little interest in the Commodity Agreements belonging to the Common Fund any leverage over the activities of these Agreements would detract from the bankability of the Fund. In addition, under these recommendations, the coming into operation of any Common Fund is contingent upon the prior existence of at least four or five effectively functioning commodity agreements willing to join the Fund.

I feel that further consultations on the Hill regarding these matters are necessary, particularly as the negotiations evolve. The recommendations put to you probably go to the limit of what could ultimately be supported by the Congress. Even then, success is not assured.

A handwritten signature in dark ink, appearing to read "Mike", written over the typed name.

W. Michael Blumenthal

THE WHITE HOUSE
WASHINGTON

1

Friday-Oct. 20, 1978
4:45 P.M.

MR. PRESIDENT

SENATOR STONE CALLED THIS
AFTERNOON AND INDICATED THAT
HE WAS STILL WAITING TO HEAR
BACK FROM YOU. (YOU TALKED
TO HIM EARLIER THIS WEEK).
WHITE HOUSE OPERATORS HAVE
NUMBERS WHERE HE CAN BE
REACHED THIS EVENING AND
TOMORROW MORNING.

PHIL

C
THE WHITE HOUSE
WASHINGTON

OCTOBER 20, 1978
5:30 P.M.-FRIDAY

MR. PRESIDENT

JIM McINTYRE CALLED.

TREASURY REPORT
INDICATES DEFICIT FOR
F.Y. 1978 IS ABOUT
\$48.8 BILLION.

PHIL

THE WHITE HOUSE
WASHINGTON
Oct. 20, 1978

Frank Moore

The attached is forwarded to you for your information and appropriate handling. Please forward Sen. Church's copy to him.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

10/20/78

Attorney General Griffin Bell

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

JOHN S. BISHOP, ALA., CHAIRMAN
FRANK CHURCH, IDAHO
CLAYBORN P. CASE, N.J.
JACOB K. JAVITS, N.Y.
HUBERT H. HUMPHREY, MINN.
CHARLES H. PERCY, ILL.
DICK CLARK, IOWA
ROBERT F. GRIFFIN, MICH.
JOSEPH R. BIDEN, JR., DEL.
HOWARD H. BAKER, JR., TENN.
JOHN GLENN, OHIO
RICHARD (DICK) STONE, FLA.
PAUL S. SARBANES, MD.

NORVILL JONES, CHIEF OF STAFF
ABNER E. KENDRICK, CHIEF CLERK

CC: G. DeLoach & Frank Church. Am
also concerned & want the statutes
enforced strictly. Griffin, please
draft an answer for me
J. Carter
United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, D.C. 20510

October 13, 1978

ACK.Fm/Justice
CONGRESSIONAL
LIAISON

OCT 18 1978

CC: Strauss

Dear Mr. President:

I am deeply concerned by a report in the October 10, Washington Post that the Justice Department is being asked to provide "guidelines" with regard to how it intends to enforce the foreign antibribery statute passed by Congress in 1976.

The antibribery legislation is largely a consequence of extensive hearings held by the Senate Foreign Relations Subcommittee on Multinational Corporations, which I chaired. Those hearings revealed a pervasive practice in the international business community of paying multimillion dollar bribes to foreign government officials. There is no question that the participation in these practices by many of America's leading corporations has been damaging both to our foreign policy interests and to the standing of American business abroad.

The hearings also showed that the companies investigated had set up complex systems of dummy firms, false accounts and other bookkeeping tricks to disguise or give the appearance of legality to their bribery operations. The new statute was written to cut through this paper chain, and to place direct responsibility for bribes paid to foreign government officials upon the highest executives of the corporations concerned. The danger is that any guidelines on enforcement issued by the Justice Department will actually become roadmaps for the companies on how safely to evade the law and to resume these bribery activities.

I share your concern for improving the competitive position of America's export industry in the world market. But I do not believe that a limitation on the scope of the antibribery law that would permit American firms to participate in the corruption of foreign governments would serve either the economic or the political long-term interests of this country.

I hope that you will keep me fully informed of any action which the

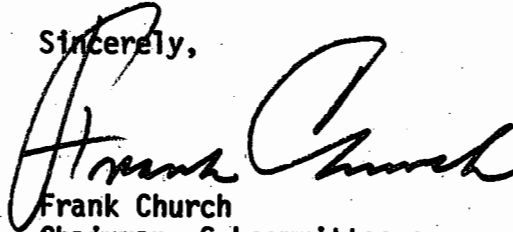
The President
The White House

SU 04
JU 00
FO 02

-2-

Department of Justice intends to take in this regard.

Sincerely,

A handwritten signature in dark ink, appearing to read "Frank Church". The signature is fluid and cursive, with a large initial "F" and a long, sweeping underline.

Frank Church
Chairman, Subcommittee on
Foreign Economic Policy

Enclosure

cc: The Honorable Griffin B. Bell

Justice Is Reluctant Guide On New Bribe Legislation

By John F. Berry

Washington Post Staff Writer

A bitter rift has developed between the Justice and Commerce Departments over the implementation of the foreign antibribery statutes overwhelmingly approved by Congress last December.

Commerce thinks Justice should provide U. S. businessmen with guidance about how it will enforce the legislation.

Justice has refused to enlarge on the law, which makes it a crime to pay a bribe to a foreign official.

Corporate officers, if convicted under the act, could face five years in prison or fines of up to \$10,000 or both. A corporation could be fined as much as \$1 million, one of the stiffest monetary penalties on the books.

On Sept. 28, in a paragraph buried within a little noticed statement calling for increased exports, President Carter came down on the side of Commerce.

"At my direction," he said, "the Justice Department will provide guidance to the business community concerning its enforcement priorities under the

recently enacted foreign antibribery statute."

But Justice apparently is willing to provide business with only the sparsest of interpretations.

"We're going to set forth the type of conduct we think is most egregious," says Phillip B. Heymann, assistant attorney general for the criminal division. "What we won't state is what we won't prosecute."

Another high Justice Department official, who refused to be identified, said: "All they (businessmen) want to know is who they can bribe and who they can't. Well, we're not going to tell them—we'll go down kicking and screaming on this one."

Lined up with Justice against interpreting the law is the Securities and Exchange Commission. The State Department, on the other hand, leans toward the Commerce Department's viewpoint.

The controversy grew out of the findings of an executive committee created last spring by Carter to come up with ways to spur exports. The

See BRIBES, D8, Col. 4

Justice Policy On Bribery Backed by SEC

BRIBES, From D7

committee was headed by Commerce Secretary Juanita Kreps.

Nobody is clear on how the foreign bribery statute became an issue in the Kreps committee. But the criminal section of Justice suddenly was told to provide the White House with information on how it would give exporters guidelines on enforcement of the controversial bribery law.

According to one Justice source, Justice gave the White House a relatively innocuous reply. "We didn't want to use the word 'guidance,' let alone 'guidelines,'" says this source. "But Commerce and the White House stuck in 'guidance' anyway."

The loudest calls for guidance on the law come from lawyers representing exporting companies. Prominent among these are Washington attorneys Walter Surrey and Lloyd Cutler.

Surrey voiced his opposition to a bribery law in meetings with representatives and senators when the legislation was being considered last year. Both men now are active in negotiating an international treaty on bribery and in seeking to amend the U.S. law to make it less objectionable to U.S. businessmen and foreigners.

But opposition to the law is not limited to Washington attorneys.

Donald Weadon, an international lawyer based in San Francisco, represents medium-sized high-technology firms. Weadon, who was here last week trying to get guidance for his clients, says: "Because of the vagaries of the law, it's going to have a chilling effect on exports. The government that wrote the law can't even tell us what the law means."

Particularly troubling to attorneys is a section of the law that makes their U.S. clients responsible for the actions of their foreign agents.

Dan Burt, an international attorney from Marblehead, Mass., whose firm has offices abroad, says: "We have two partners and three associates working full time on this. We have lots of trouble giving clients advice."

Indeed, several attorneys have told government officials that their corporate clients were forced to call off multi-million-dollar deals because they could not get a clear-cut interpretation of the law.

WASHINGTON POST October 10, 1978

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: OCTOBER 18, 1978

PAGE: - 6-

FROM -----	SUBJECT -----	DISPOSITION -----	COMMENTS -----
REP. SILVIO CONTE (R) - MASSACHUSETTS	APPRECIATED YOUR LETTER CONCERNING THE APPROPRIATION OF FUNDS FOR SYRIA; "YOUR REMARKS WERE INSTRUMENTAL TO THE PASSAGE OF WHAT I BELIEVE IS ONE OF THE FINEST FOREIGN AID BILLS TO HAVE EMERGED FROM CONGRESS IN MY TWENTY YEARS ON THE COMMITTEE"; HOPES THE ECONOMIC SUPPORT FUNDS FOR SYRIA WILL ACHIEVE THE GOALS DELINEATED IN THE FRAMEWORK FOR PEACE; ENCLOSURES A COPY OF THE HOUSE DEBATE ON THIS SO THAT YOU CAN SEE "THE CONTRIBUTION YOUR LETTER MADE TO APPROVAL."	ACKNOWLEDGED BY FM CC:BECKEL,CABLE	
SEN. FRANK CHURCH (D) - IDAHO	CONCERNED BY A <u>WASHINGTON POST</u> ARTICLE WHICH SAID THAT THE JUSTICE DEPARTMENT IS BEING ASKED TO PROVIDE GUIDELINES AS TO HOW IT INTENDS TO ENFORCE THE FOREIGN ANTIBRIBERY STATUTE PASSED BY CONGRESS IN 1976; "THE DANGER IS THAT ANY GUIDELINES ON ENFORCEMENT ISSUED BY THE JUSTICE DEPARTMENT WILL ACTUALLY BECOME ROADMAPS FOR THE COMPANIES ON HOW SAFELY TO EVADE THE LAW AND TO RESUME THESE BRIBERY ACTIVITIES"; ASKS TO BE KEPT INFORMED OF JUSTICE DEPARTMENT ACTIONS IN THIS MATTER.	ACKNOWLEDGED BY FM REFERRED TO JUSTICE CC:STRAUSS	<i>to me</i>

THE WHITE HOUSE
WASHINGTON

20 October 1978

Ev
~~Patti--~~

Here is the letter I mentioned to you this morning. I have no idea how the President would want to respond to this, so I didn't do a draft. Consequently, I think it's better to go through your office.

Also, I have held up any action on this until we hear from him. It has not yet been acknowledged and I have not sent copies to Justice or Strauss as it says on the log. Please let me know as soon as this comes out.

Thanks.

Ev

THE WHITE HOUSE
WASHINGTON

10/20/78

Mr. President:

I tried to keep this from
being scheduled. Since its
in the Roosevelt Room you
should drop-by for 5 minutes.
If you approve I'll get talking
points for you.

✓ approve disapprove

Phil

*Tentative
only
J*

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

October 17, 1978

MEMORANDUM FOR PHIL WISE AND FRAN VOORDE

FROM: JACK WATSON *Jack*

SUBJECT: Request for Drop-by

Mayor Tom Bradley of Los Angeles has requested that the President drop by the signing ceremony for executing the contract between the City of Los Angeles and the International Olympic Committee. We have arranged for the contract to be executed in the Roosevelt Room on Friday at 1:30 p.m. In addition to the Mayor, the Chairman of the International Olympic Committee, Lord Killanin, will attend, as will Robert Kane, President of the U. S. Olympic Committee.

It would mean a great deal to the Mayor if the President could drop by for a few minutes for photographs and possibly for a brief statement about the Olympics. Stu's staff are involved in the event and think this would be a good time for the President to make a statement.

Please let me know what you think.

THE WHITE HOUSE
WASHINGTON

Pres. did not
participate —

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

for Preservation Purposes

GEORGE MEANY

PRESIDENT

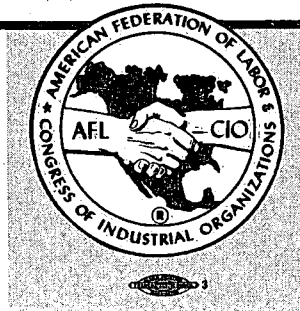
LANE KIRKLAND

SECRETARY-TREASURER

PAUL HALL
MATTHEW GUINAN
FREDERICK O'NEAL
GEORGE HARDY
WILLIAM SIDELL
ALBERT SHANKER
SOL C. CHAIKIN
CHARLES H. PILLARD
LLOYD McBRIDE
EMMET ANDREWS
WM. W. WINPISINGER

JOHN H. LYONS
PETER BOMMARITO
JERRY WURF
AL H. CHESSER
MURRAY H. FINLEY
C. L. DELLUMS
EDWARD T. HANLEY
WILLIAM H. McLENNAN
DAVID J. FITZMAURICE
ALVIN E. HEAPS
WILLIAM H. WYNN

A. F. GROSPIRON
THOMAS W. GLEASON
S. FRANK RAFTERY
MARTIN J. WARD
JOSEPH P. TONELLI
GLENN E. WATTS
ANGELO FOSCO
J. C. TURNER
KENNETH T. BLAYLOCK
HARRY R. POOLE
FRED J. KROLL



815 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20006

(202) 637-5000

October 20, 1978

The President
The White House
Washington, D.C.

Dear Mr. President:

I am writing to express the AFL-CIO's deep disappointment with the grossly unfair tax legislation that is now awaiting your signature.

We have examined the tax bill carefully in terms of equity and fairness, and it fails this basic test. It does not conform at all to your own recommendations and campaign pledges to reform the tax system and is in direct conflict with AFL-CIO tax justice goals.

The needed economic stimulus -- a major justification for the bill -- will be lost because of its one-sided benefits to the wealthy and to business. Corporations, already swollen with cash, will have added money, but the bill creates few new customers. As a result, the cut will end up financing more corporate mergers, takeovers and overseas investments. Speculators in commodities, land, art, antiques and the like will receive the same tax breaks as those whose investments add to the nation's productive potential. But, for most workers, the benefits of the cut will be cancelled out as a result of inflation and increased Social Security payroll taxes.

Of the \$21.4 billion in calendar 1979 reductions called for in the bill, 60 percent of the total -- \$12 billion -- will go to corporations and the 12 percent of taxpayers with incomes of \$30,000 or more.

For 88 percent of the nation's taxpayers, after accounting for increased Social Security payroll tax deductions, the 1979 tax burdens will actually be higher, or the cuts so miniscule -- less than \$2 a week -- as to be meaningless.

We therefore request that you veto H.R. 13511, the proposed Revenue Act of 1978, and place before the new Congress a tax reduction proposal which will target tax relief in a fashion which meets the goals of fair play.

Sincerely yours,

President

of

GEORGE MARION SEIGNIOUS, II, Lieutenant General

Looks good

DATE AND PLACE OF BIRTH: 21 June 1921, Orangeburg, South CarolinaYEARS OF ACTIVE COMMISSIONED SERVICE: Over 30PRESENT ASSIGNMENT: Retired effective 1 July 1974MILITARY SCHOOLS ATTENDED

The Armored School, Advanced Course
 United States Army Command and General Staff College
 Joint Services Staff College, England
 The National War College

EDUCATIONAL DEGREES

The Citadel - BS Degree - Business Administration

MAJOR PERMANENT DUTY ASSIGNMENTS (Last 10 years)

	<u>From</u>	<u>To</u>
Chief, Plans and Requirements Branch, Operations Division, United States Army, Europe	Jan 63	May 64
Chief of Staff, 3d Armored Division, United States Army, Europe	Jun 64	Jun 65
Director, Policy Planning Staff, Office, Assistant Secretary of Defense (International Security Affairs), Washington, D.C.	Jul 65	Nov 66
Assistant Division Commander, 2d Infantry Division, United States Army Pacific, Korea	Nov 66	Sep 67
Deputy Director, Plans and Policy, J-5, Organization, Joint Chiefs of Staff, Washington, D.C.	Sep 67	Aug 68
Special Assistant to the Chairman, Joint Chiefs of Staff, Organization, Joint Chiefs of Staff, Washington, D.C. and Senior Military United States Representative, United States Vietnam Peace Delegation, Paris, France	Aug 68	Mar 69
Commanding General, 3d Infantry Division, United States Army, Europe	Mar 69	Feb 70
United States Commander, Berlin, United States Army, Europe	Mar 70	Apr 71
Deputy Assistant Secretary of Defense (Security Assistance), and Director, Defense Security Assistance Agency, Washington, D.C.	Jun 71	Jun 72
Director, Joint Staff, Organization of the Joint Chiefs of Staff, Washington, D.C.	Jun 72	Jun 74

<u>PROMOTIONS</u>	<u>DATES OF APPOINTMENT</u>		
	<u>Temporary</u>	<u>Permanent</u>	<u>Other (ORC)</u>
2LT		7 Oct 42	30 May 42
1LT	25 Nov 42	3 Nov 45	
CPT	27 Sep 43		
MAJ	1 Sep 45		16 Oct 46
1LT		31 Jul 47	
CPT		15 Jul 48	
MAJ	31 Jul 47	6 Jul 54	
LTC	13 Apr 53	21 Jun 62	
COL	1 Sep 59	21 Jun 67	
BG	30 Jun 65	25 Nov 68	
MG	1 Jan 68	14 Jul 71	
LTC	1 Aug 71		

US. DECORATIONS/BADGES

Distinguished Service Medal (with Oak Leaf Cluster)
 Silver Star
 Legion of Merit (with 4 Oak Leaf Clusters)
 Bronze Star Medal (with 2 Oak Leaf Clusters)
 Army Commendation Medal (with 2 Oak Leaf Clusters)
 Combat Infantryman Badge

SOURCE OF COMMISSION: ROTC

Electrostatic Copy Made
 for Preservation Purpose

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

October 19, 1978

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

Subject: Third Quarter GNP

Tomorrow (Friday, October 20) at 9:30 a. m. the Commerce Department will release its first published estimate of GNP growth in the third quarter. There are no major surprises, favorable or unfavorable.

Real GNP is estimated to have increased at a 3.4 percent annual rate in the third quarter -- very close to unpublished early guesses by Commerce a month ago, and consistent with our expectation of a 3-1/2 percent growth rate in the second half of 1978. Final sales (all categories of GNP except inventory investment) rose at a 4.1 percent annual rate. Inventory investment was a shade lower than in the second quarter, so that stocks of goods on the shelf remain in good relation with sales.

On the price side, we did better this quarter. The GNP deflator rose at a 7 percent rate, compared with 11 percent in the second quarter. This improvement was mainly, although not entirely, a consequence of the more moderate rise in food prices.

This is, on the whole, an encouraging report. Economic expansion is proceeding at a reasonably good pace. We could not afford a growth rate much above 3-1/2 percent now, given the inflation problem. One possible source of concern is the very low personal saving rate -- 5.1 percent of the third quarter, about the same as the second quarter. A "normal" saving rate is about 6 percent. When and if the saving rate moves up to historic norms, it could imply a significant slowdown in consumer spending and in economic growth generally. As yet, however, there are no signs that such a development is impending.

THE WHITE HOUSE
WASHINGTON

10/20/78

Frank Moore
Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for your
information..

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
/	MOORE
	POWELL
	WATSON
	WEXLER
/	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

ADMINISTRATIVELY CONFIDENTIAL
THE WHITE HOUSE
WASHINGTON

6274

C

October 19, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI
FRANK MOORE *F.M./BR*

SUBJECT: SALT Briefings

We have been in touch with Senator Byrd's office to find a convenient time to brief him on SALT. He has not given us a time yet.

Senator Baker wanted to be briefed in Tennessee on Saturday. Roger Molander of the NSC staff will be going there to do so.

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE
WASHINGTON
10/20/78

Jim McIntyre
Bob Lipshutz Charlie Schultze
Stu Eizenstat

The attached was returned in
the President's outbox today
and is forwarded to you for
your information. The signed
original has been given to
Bob Linder for appropriate
handling.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE

WASHINGTON

October 13, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

RE: Executive Order and Related Documents
Re Establishing the National Productivity
Council

Jim McIntyre has forwarded the attached package, including an Executive Order establishing a National Productivity Council.

Earlier this year you decided not to request reauthorization for the National Center for Productivity and Quality of Working Life. Since that time OMB and other agencies have surveyed existing programs and concluded that many agencies have programs dealing with productivity, but that current programs are not well coordinated. To increase coordination, OMB proposes creation by Executive Order of the National Productivity Council. The establishment of this Council would not result in any staff increase, since administrative support would be provided by OMB and staff for particular issues would be provided by agencies having expertise.

Also attached is a signing statement emphasizing your commitment to productivity improvement and a memorandum to all agencies stressing the need for cooperation with the Council and assigning leadership responsibility for certain programs. McIntyre suggests that the Council could be mentioned in your anti-inflation message.

Jim Fallows has also reviewed these documents, and we recommend that you sign all three.

☒ Approve ☐ Disapprove

(THREE SIGNATURES NEEDED)

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

SUBJECT: Productivity Improvement Program

Today I have signed an Executive order establishing a National Productivity Council. I have established this Council in recognition of the vital role productivity plays in the Nation's economy by helping control inflation, making U.S. goods more competitive in world markets, and increasing the real income of the American worker.

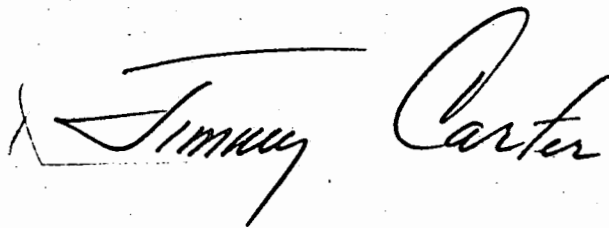
The Council will serve as the focal point in the executive branch for efforts to improve productivity in the private and public sectors of our economy. One of its major functions will be to assure that these efforts are themselves carried out in the most productive fashion.

I would like to highlight the major responsibilities for improvement that are assigned by statute to the executive branch, and identify the departments and agencies to which I look for leadership in carrying out these responsibilities:

- Technological innovation, including improved management systems and production methods--
Department of Commerce;
- Collection and dissemination of information on productivity and productivity improvement--
Department of Commerce;
- Productivity growth through improved and innovative utilization of employee skills and capability--
Department of Labor (in cooperation with the Department of Commerce);
- Protecting and improving the quality of working life of employees in conjunction with productivity improvement--Department of Labor (in cooperation with the Department of Commerce);

- ° Productivity measurement--Department of Labor;
- ° Labor-Management cooperation in productivity growth--Department of Labor;
- ° Productivity of the Federal Work Force--Civil Service Commission (in cooperation with the Office of Management and Budget); and
- ° Assuring that productivity concerns are taken into account in regulatory policy--Office of Management and Budget (including assuring consideration of productivity in regulatory analyses provided for in Executive Order 12044).

Improved productivity is vital to the social and economic well-being of our Nation. The Federal Government can make a major contribution to improving productivity. I expect all agencies to cooperate with and assist the Council in meeting its responsibilities so we realize maximum benefit from the Federal effort to improve productivity growth.

Jimmy Carter

THE WHITE HOUSE

WASHINGTON

NATIONAL PRODUCTIVITY COUNCIL
Statement on Executive Order
October , 1978

The American people place inflation at the top of the list of things about which they are concerned. One of the major factors fueling inflation is the slowdown in productivity growth in our country. Productivity per person-hour has decreased from a 3.2 percent annual growth rate to 1.6 percent in recent years. This also has a very adverse effect as we compete with other nations whose productivity growth has been much higher.

Improvement in the growth of productivity is essential, therefore, to the social and economic welfare of the American people. This improvement can be realized if the public and private sectors work together to make the best possible use of technology, capital, and human resources. The Federal Government can make major contributions in improving the utilization of these resources.

This Executive order establishes the National Productivity Council; it will serve as the mechanism for coordinating Federal programs which support productivity improvement in public and private sectors, and for assuring that maximum benefit is realized from these programs. It will be the focal point in the executive branch for productivity efforts, superseding the National Center for Productivity and Quality of Working Life, whose authorization expired at the end of this last fiscal year.

Members of the Council will include those departments and agencies with significant responsibilities related to productivity improvement in the private and public sectors--the Departments of Commerce, Labor, and the Treasury, and the Civil Service Commission--and those agencies with a special interest in productivity improvement--the Council of Economic Advisers, Council on Environmental Quality, Council on Wage and Price Stability, Office of Management and Budget, Office of Science and Technology Policy, and Office of the Special Representative for Trade Negotiations. The Director of the Office of Management and Budget will serve as Chairman of the Council.

As its first item of business I will be asking the Council to undertake several items of study and research which will assist in setting priorities and goals for Federal productivity efforts during the next few years. One of the top priority items of study will be determining the appropriate role of the Federal Government in supporting the productivity improvement efforts of State and local governments. In all of these studies the Council will be seeking advice and assistance from business, labor, and academic leaders, as well as from representatives from State and local governments and others concerned with productivity improvement. I believe that through a co-operative effort we will be able to increase productivity growth and make a significant contribution to controlling inflation and improving the state of our economy.

X Jimmy Carter

EXECUTIVE ORDER

NATIONAL PRODUCTIVITY COUNCIL

By the authority vested in me as President by the Constitution of the United States of America, and in order to provide for coordinated and effective Federal programs to improve productivity in the public and private sectors, it is hereby ordered as follows:

1-1. Establishment of the Council.

1-101. There is established the National Productivity Council.

1-102. The Council will be composed of the heads of the following agencies, or a designated representative, and such others as the President may designate:

- (a) Department of the Treasury.
- (b) Department of Commerce.
- (c) Department of Labor.
- (d) Office of the Special Representative for Trade Negotiations.
- (e) Council of Economic Advisers.
- (f) Office of Management and Budget.
- (g) Office of Science and Technology Policy.
- (h) Council on Environmental Quality.
- (i) Civil Service Commission, and
- (j) Council on Wage and Price Stability.

1-103. The Director of the Office of Management and Budget will serve as Chairman of the Council.

1-2. Functions of the Council.

1-201. The Council will work with Executive agencies to assure that activities designed to improve productivity

in the private and public sectors are carried out in a manner that realizes maximum benefit from the resources invested. As part of this responsibility the Council will identify opportunities for cooperative or innovative projects to be undertaken by the agencies, as well as overlapping or duplicative programs which should be eliminated.

1-202. The Council will identify issues pertaining to private and public sector productivity and productivity improvement, and will make assignments to Council members or other Executive agencies for studying and resolving the issues.

1-203. The Council will identify major policy issues with productivity implications for consideration by the President, including the need for legislative initiatives.

1-204. The Council will serve as the focal point within the Executive Branch for liaison with elements of the private sector concerned with improving productivity, and will seek the advice and assistance of business, labor, and academic leaders, as well as representatives from State and local governments and others concerned with productivity.

1-205. The Council will serve as the focal point within the Executive Branch for liaison with organizations of foreign governments involved in efforts to improve productivity.

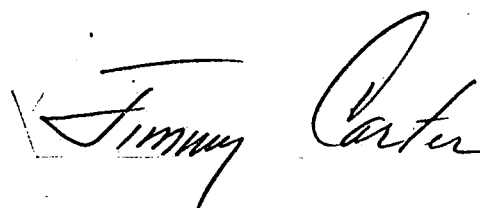
1-3. Administrative Provisions.

1-301. Executive agencies shall cooperate with and assist the Council in performing its functions.

1-302. The Chairman shall be responsible for providing the Council with such administrative services and support as may be necessary or appropriate.

1-303. The Chairman may establish working groups or subcommittees of the Council. The Chairman may invite representatives of nonmember agencies to participate from time to time in the functions of the Council.

1-304. The Chairman shall report to the President on the performance of the Council's functions.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed text "THE WHITE HOUSE".

THE WHITE HOUSE

, 1978

THE WHITE HOUSE
WASHINGTON

Phil has seen

HT has

send to JR

THE WHITE HOUSE
WASHINGTON

10/20/78

Mr. President:

Pat Caddell has asked to see you this afternoon to discuss your inflation speech. Hamilton felt you should know but has no recommendation as to whether or not you should see him. Jerry does not want a copy of the speech given to Pat to take out of the White House but has no problem with Pat looking at it in his office.

___ approve meeting with Pat

___ disapprove meeting

Phil

*No time this
afternoon - Let
Jerry go over speech
with Pat & give
me his margined
notes
JC*

THE WHITE HOUSE
WASHINGTON

Phil
has seen

THE WHITE HOUSE
WASHINGTON

10/20/78

Mr. President:

Do you want to meet today with
Dr. Schlesinger and Zbig to discuss
Mexico?

_____ yes ☒ no

Phil

*Only if necessary
for me to be
there
J*

THE WHITE HOUSE
WASHINGTON

Phil has seen
& we're told
Landon Butler

THE WHITE HOUSE
WASHINGTON

10/20/78

Mr. President:

Ray Marshall is requesting that
you meet with George Meany and his
Economic Policy Subcommittee composed
of Lloyd McBride, Sol Chaikin, Glenn
Watts, Bill Winpisinger and Marty Ward
befor you give the inflation speech.

Do you want me to schedule this
meeting?

_____ yes ✓ no

Phil

*Let Fritz do it
Ray agrees
J*

THE WHITE HOUSE
WASHINGTON

10/20/78

Frank Moore

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
✓	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE
WASHINGTON

Frank says to check off
the ones you are able to
make....the others will
be made by another
Administration official
(Eizenstat/Schultze/Vice
President/Moore, etc.)

THE WHITE HOUSE
WASHINGTON

October 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M. /or*
SUBJECT: ANTI-INFLATION TELEPHONE CALLS

Because Congressional Liaison has been preoccupied with the closing of the Congressional Session, we have not been involved in the inflation efforts. I am particularly concerned about Congressional notification and want to avoid a situation like the \$50 tax rebate issue or, more recently, the energy plan--where it was perceived and decisions were made before Congress was consulted. In order to rectify this, I propose that you make calls to the Members of Congress listed below. I would hope that these calls would take only 2 minutes each--with only one exception, Senator Robert Byrd. These calls would avoid charges that we ignored the co-equal branch of government's input into the implementation of our inflation policy.

The asterisk beside the Members' name indicates that Schultze, Blumenthal or Senator Byrd's staff (who were briefed by Schultze) have talked with the Member or their staffs in the last two weeks.

- > Robert Byrd
- > Howard Baker (R-Tenn)
- Warren Magnuson (D-Wash)
- *Wm. Proxmire (D-Wis)
- Russell Long (D-La)
- Lloyd Bentsen (D-Tx)
- *Edmund Muskie (D-Maine)

- > *Speaker O'Neill
- Dick Bolling (D-Mo)
- *Henry Reuss (D-Wis)
- *Wm. Moorhead (D-Pa)
- *Bob Giaimo (D-Conn)
- Jamie Whitten (D-Miss)

*Let Fritz or
Someone else
do the others
J*

In addition to the attached talking points, you should thank the Members for their previous support and advise that this is largely a voluntary program that cannot succeed without their support and help.

Because of the positions they hold, the Members will probably be called by the press for their reaction, and you should tell them that you hope they will give positive statements after details have been worked out in close cooperation with them.

You should seek out their opinions as to the advisability of a meeting at the White House on the day of the announcement and whether or not they would be able to come to such a meeting.

Also, in talking to them, you should inform them of your decision on the tax bill.

THE WHITE HOUSE
WASHINGTON

10/20/78

Tim Kraft
Jim Gammill

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
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	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE
WASHINGTON

October 17, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*

JIM GAMMILL *Jim G*

SUBJECT:

Board of Directors of the Student Loan
Marketing Association (Sallie Mae)

The Student Loan Marketing Association (Sallie Mae) is a private corporation created by Congress in 1972 to serve as a secondary market and warehousing facility for guaranteed student loans. Sallie Mae offers liquidity to lenders in the Guaranteed Student Loan Program through its Warehousing Advance and Loan Purchase Programs.

The Board of Directors is made up of twenty-one members. Seven members are elected by stockholders representing educational institutions, seven are elected by stockholders representing financial institutions, and seven members, including the Chairman, are appointed by you to represent the public sector. Members appointed by you serve at your pleasure.

The Chairman, John McCabe, has been serving on the Board for a three-month transitional period. At this time, we recommend that you designate Dr. E. T. Dunlap, a member of the Board appointed by you, as Chairman of the Board of Directors. We also recommend the appointment of Teresa P. Hughes to fill the new vacancy.

Teresa P. Hughes (California): Presently serving as Assemblywoman from the 47th District in California; former Chairperson of the Assembly Black Caucus, and serves on the Assembly Committee on Education. Prior to her election in 1975, she served as the Legislative Consultant to the State Commission for Teacher Preparation and Licensing. She holds a Ph.D. in Education from Claremont College in California.

*I want someone
who will be firm
in collecting loan
payments - Confirm
that both will do
so
J*

RECOMMENDATION:

Designate Dr. E. T. Dunlap as Chairman of the Board
of Directors of the Student Loan Marketing Association.

_____ approve _____ disapprove

Appoint Teresa P. Hughes to the Board of Directors
of the Student Loan Marketing Association.

_____ approve _____ disapprove

R
E
S
U
M
E

TERESA P. HUGHES (47th Assembly District)

Born in New York City.

Attended Hunter College where she received a B.A. in Physiology and Public Health. Subsequently, she studied at New York University and was awarded an M.A. in Education Administration. She earned a Ph.D. from Claremont Graduate School.

Assemblywoman Hughes was formerly a legislative consultant to the State Commission for Teacher Preparation and Licensing and a Professor of Education at California State University at Los Angeles.

Other positions held by Assemblywoman Hughes include Student Coordinator of the Urban Affairs Institute, Consultant to the Senate Select Committee on Children and Youth, and Administrative Assistant to now Lt. Governor Mervyn Dymally. Formerly she served as a Social Worker, Teacher and School Administrator in New York City.

Founder of AWARE Women of California; member of the State Employees Association; California Teacher Association. Formerly a member of the Democratic State Central Committee, the Democratic Women's Forum, and the California Democratic Women's Caucus.

Currently serving on the Education Committee, Housing, Ways and Means in the Assembly, and Chairperson of the Human Resources Committee.

A
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EDUCATION
STUDENT LOAN MARKETING ASSOCIATION, BOARD OF
DIRECTORS OF THE

Independent
(Government-sponsored
private Corporation)

AUTHORITY: P. L. 92-318 of June 23, 1972, Sec. 133(a)
(86 Stat. 266)

METHOD: Appointed by the President and see below

MEMBERS: TWENTY-ONE as follows:

When in the judgment of the President, sufficient common stock of the Association has been purchased by educational institutions and banks or other financial institutions, the holders of common stock which are educational institutions shall elect seven members of the Board of Directors and the holders of common stock which are banks or other financial institutions shall elect seven members of the Board of Directors. The President shall appoint the remaining seven directors, who shall be representative of the general public.

The President, on 1/29/75, made his determination in accordance with the above provisions.

CHAIRMAN: Designated by the President from among the members of the Board.

STUDENT LOAN MARKETING ASSOCIATION, BOARD OF
DIRECTORS OF THE

Independent
(Government-sponsored
private Corporation)

TERM:

The directors appointed by the President shall serve at the pleasure of the President and until their successors have been appointed and have qualified. The remaining directors shall each be elected for a term ending on the date of the next annual meeting of the common stockholders of the Association, and shall serve until their successors have been elected and have qualified. Any appointive seat on the Board which becomes vacant shall be filled by appointment by the President. Any elective seat on the Board which becomes vacant after the annual election of the directors shall be filled by the Board, but only for the unexpired portion of the term.

SALARY:

No provision

PURPOSE:

Determine the general policies which shall govern the operations of the Association in the buying, selling, and warehousing of Guaranteed Student Loans. The Board of Directors shall meet at the call of its Chairman, but at least semiannually.

THE WHITE HOUSE
WASHINGTON

October 20, 1978

Frank Moore

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Stu Eizenstat

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
/	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
/	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
/	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAF SHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

United States Senate

OFFICE OF
THE ASSISTANT MINORITY LEADER
WASHINGTON, D.C. 20510

October 18, 1978

To: The President

From: Senator Ted Stevens

Question: In 1971, Congress passed the Alaska Native Claims Settlement Act. Section 17(d)(2) of that act directed the Secretary of the Interior to withdraw up to but not to exceed 80 million acres of public lands for a seven-year study as potential additions to the national park, wildlife refuge, forest, and wild and scenic rivers systems. These withdrawals expire by operation of law on December 18, 1978.

Options:

1. No action--The lands concerned are also withdrawn under Section 17(d)(1) of the Native Claims Act until such time as the Secretary of the Interior classifies the lands for use under the public land laws. This is a blanket withdrawal applying to virtually all public lands in Alaska and segregating them from operation of the mining laws, the mineral leasing laws, and selection by the State of Alaska or the Alaska Natives. If no action is taken, the lands will remain frozen pending Congressional action next year.

2. Secretarial withdrawal--If affirmative action is felt to be necessary, Section 204 of the Federal Land Policy and Management Act of 1976 authorizes the Secretary of the Interior to withdraw public lands under specific criteria and requirements:

(a) Section 204(b) provides authority for withdrawals up to two years by publication in the Federal Register of intent to withdraw.

(b) Section 204(e) provides authority to withdraw land for up to three years upon a finding that an emergency exists in which extraordinary measures must be taken to preserve values that would otherwise be lost. With the existing 17(d)(1) withdrawal, such a finding would be difficult to support.

The President
October 18, 1978
Page 2

(c) Section 204(c) authorizes withdrawals in excess of 5000 acres with notification to Congress which has 90 days to terminate such withdrawal by passage of concurrent resolution of disapproval.

3. Antiquities Act withdrawal--The Act of June 8, 1906, provides authority for the President to withdraw lands as national monuments. While utilized by a number of Presidents, the Antiquities Act has never been used to withdraw lands on a single massive scale as contemplated by Alaska d-2 lands legislation now before Congress.

Under existing regulations, national monuments shall be administered as natural or historical areas within the National Park System, as appropriate. General regulations governing the park system, at 43 CFR Parts 2 and 3, prohibit or severely limit numerous activities necessary to continue the lifestyle of local residents of Alaska. These include prohibitions on carrying firearms, on hunting of any kind, and on any disturbance of animal or plant matter. These would operate to prohibit the continuation of the subsistence lifestyle of local residents necessary to their survival.

Additional prohibitions ban or severely limit the use of aircraft, snowmachines, and motorboats without the promulgation of special regulations. For example, Part 3.2 prohibits the launching or operation of motorboats except where the bank is accessible by public roads. In rural Alaska, there are no roads, and the rivers are utilized as highways. Snowmachine use is prohibited except where posted or marked on a map by the unit superintendent. Aircraft may only land on designated sites even though over 70% of Alaska's post offices, some of which would be located in proposed withdrawals, are served solely by air. The designation of areas as monuments under the Antiquities Act would require promulgation of numerous special regulations under the Administrative Procedures Act, a very time-consuming process if it is to be accomplished in a manner which will allow participation of local residents of Alaska during the rulemaking process. In the meantime, such areas would remain governed by existing regulations and closed to many uses necessary to the continuation of subsistence uses and the Alaskan lifestyle.

Electrostatic Copy Made
for Preservation Purpose

THE WHITE HOUSE

WASHINGTON

SIGNING OF JOINT CONGRESSIONAL RESOLUTION
EXTENDING ERA RATIFICATION DEADLINE

Friday, October 20, 1978

10 a.m. (15 minutes)

The Cabinet Room

From: Sarah Weddington

I. PURPOSE

To sign H.J. Resolution 638 extending the deadline for ratification of the Equal Rights Amendment until June 30, 1982.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: The House and Senate adopted H.J. Res. 638 which adds three years and three months to the original ratification deadline. There is no requirement that the President sign the Resolution. You do not have the power to veto it. You are signing it to express your support for full equality under the law for all citizens.
- B. Participants: Mrs. Carter, Sarah Weddington, Sen. and Mrs. Don Riegel, Rep. Elizabeth Holtzman, Rep. and Mrs. Douglas Walgren, former Congressman Martha Griffiths who introduced ERA in the Congress in 1972, former Congresswoman Patsy Mink. Also Senate and House staff members, representatives of labor unions, civic and women's groups who lobbied for the Extension.
- C. Press Plan: Open press. Photo opportunity at signing. Following the signing, press will be invited into the Roosevelt Room. Photo opportunity: Mrs. Carter will sign postcards to friends in Florida and Nevada urging support of ERA referenda to be held in those states election day. This kicks off a national postcard campaign for those two states.

III. TALKING POINTS

- 1. Thirty-five of the needed 38 states have ratified the ERA. These states represent 70% of the population. The national debate on ERA is still continuing and should not be cut off by an arbitrary time limit.

2. Some states have not yet debated the merits of the ERA. The Extension gives them the opportunity to do so.
3. The Justice Department has carefully studied the legal issues raised by the Extension. The Department and Counsel Bob Lipshutz are satisfied that Congress acted properly in adopting the Extension Resolution.
4. Most constitutional authorities agree Congress has the authority to extend the ratification deadline.
5. Human rights advances are often slow in coming. It took a Civil War and Reconstruction government to gain passage of the 13th, 14th and 15th Amendments. Ten years of debate on full Constitutional equality for a majority of Americans is not too long.
6. Supporters of the Extension say there should be no time limit on equality.

EIZENSTAT ATTACH-
MENT

FALLOWS' TALKING
POINTS

THE WHITE HOUSE

WASHINGTON

October 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS, BOB RACKLEFF *JK* *RF*
SUBJECT: ERA Extension Talking Points

1. It is a great pleasure to sign this Joint Resolution of Congress extending until June 30, 1982, the deadline for ratification of the Equal Rights Amendment.

-- Although the Constitution does not require that I sign a Joint Resolution, I do this to signify my deep commitment to the ERA and the principle of equal rights for all citizens.

-- At the same time, I urge the legislatures of the 15 states which have not yet ratified the ERA to use this opportunity for ratification as soon as possible. When the new legislative leadership is chosen in those states, I will communicate my personal urging to them.

2. We can be thankful that women have made progress in recent years. This Administration has helped that progress. But much remains:

-- Women earn only about 60 percent as much as men with similar training.

-- Women hold only nine percent of the seats in State legislatures and 3.3 percent of the seats in the

95th Congress, even though they form 53 percent of registered voters.

-- Only 1.8 percent of state court judges are women.

3. Most disturbing to me, however, is that nowhere does our Constitution explicitly guarantee equal rights for women. The Constitution is the fundamental political and social document of this country. We all regard equality before the law as a fundamental right for all citizens. Yet in 1978 we still do not have an equal rights provision for women. It is a glaring omission we can tolerate no longer.

4. We have laid to rest the Constitutional questions about the extension itself. The customary seven-year period for ratification is only a recent practice and not required by the Constitution. Congress can change that period. We have also determined that states cannot withdraw a ratification.

5. Let me pay tribute to two members of Congress who worked so hard for this extension -- Birch Bayh and Don Edwards. Also, the House and Senate leadership, especially Senate President Bob Byrd, deserve credit for scheduling this measure for passage during the very busy end of this session. And I want to thank each member of Congress who voted their conscience to aid ratification.

6. Finally, let me congratulate the organizations -- many of them represented here today -- whose efforts with Congress and the American public have brought the ERA very close to

ratification. Without those efforts, we would not have this ceremony.

7. I am honored to sign this Resolution. I would be even more honored to have the ERA ratified while I am President. I will do all I can to reach that goal.

#

PARTICIPANTS

THE WHITE HOUSE

WASHINGTON

October 19, 1978

BILL SIGNING - ERA EXTENSION

Friday, October 20, 1978

10:00 a.m.

The Cabinet Room

From: Frank Moore *fm/pd*

I. PRESS PLAN

Open Press Coverage

II. PARTICIPANTS

Mrs. Carter
Senate

Don Riegle
Paul Hatfield

House

Elizabeth Holtzman (D-New York)
Doug Walgren (D-Penna.)
Gladys Spellman (D-Maryland)

In addition to the Members, three wives of Members of Congress will attend. They have been invited because of the major role they played as individuals in getting the ERA extension:

Marvella Bayh -- we just learned that she is too ill -- will not
Lori Riegle attend.
Carmala Walgren (pronounced Car - ma - la, accent 1st syllable)

Senate Staff

Mary Jane Cheechi, Senator Robert Byrd's staff
Mary Jolly, Senator Bayh's staff
Nels Ackerson, Senator Bayh's staff
Maurene Norton, Senator Humphrey's staff
Bob McNamara, Senator Kennedy's staff

House Staff

Katherine Leroy, Cong. Edwards' staff
Joanne Howes, Cong. Mikulski's Staff
Christine Sullivan, Speaker's office
Betty Dooley, Executive Dir., Congresswoman's Caucus

Administration Officials

Pat Wald, Department of Justice
Bill Heckman, Department of Justice
Larry Simms, Counsel, Department of Justice

Outside Groups

Bella Abzug, National Women's Advisory Committee
Maureen Aspin, Common Cause
Marjorie Bell Chambers, Common Cause
Mike Cole, Common Cause
Lela Foreman, Common Cause
Sheilah Greenwald, ERAmerica
Ellen Griffiee, American Association of University Women
Martha Griffiths, former Member of Congress
Mariwyn Heath, Business and Professional Women
Odessa Komer, UAW
Ann Kolker, National Women's Political Caucus
Sally Laird, League of Women Voters
Joan McLean, League of Women Voters
Joyce Miller, League of Women Voters
Patsy Mink, former Member of Congress
Jane O'Grady, AFL-CIO
Arlie Scott, NOW
Ellie Smeal, NOW
Carmen Delgado Votaw, National Women's Advisory Committee
Fred Wertheimer, Common Cause

SIGNING STATEMENT

9:30 AM

THE WHITE HOUSE
WASHINGTON

October 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*

SUBJECT:

Meeting with Irvine Sprague

You are meeting with Irvine Sprague to discuss his candidacy for the position of Chairman of the Federal Deposit Insurance Corporation. The appointment, subject to Senate confirmation, is for a term of six years.

The OMB Reorganization Task Force, working with the Treasury Department, is developing a proposal to consolidate the separate bank regulatory agencies. The success of any consolidation efforts depends on the total cooperation of all the agencies affected, and at this time, the Comptroller of the Currency and the Chairman of the Federal Reserve Board are supportive of the proposal.

We recommend that you stress to Sprague your concern that the next Chairman of the FDIC must be fully supportive of this initiative, and that you expect your nominee to give his total cooperation to this effort.

THE WHITE HOUSE
WASHINGTON

October 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT *TK*
JIM GAMMILL *Jim G*

SUBJECT: Federal Deposit Insurance Corporation

The Federal Deposit Insurance Corporation was established under the Banking Act of 1933 as an institution to promote, establish and preserve public confidence in banks, and to protect the money supply through provision of insurance coverage for bank deposits.

In addition to its role as insurer, the Federal Deposit Insurance Corporation performs other regulatory functions -- the most important of which include: acting as liquidator of most failed banks; examining and supervising State non-member banks; protecting individual rights under the consumer and civil rights laws; controlling bank entry, expansion and acquisition through the applications process; and, regulating deposit interest rates.

The management of the Corporation is vested in a Board of Directors consisting of three members, one of whom is the Comptroller of the Currency, and two of whom are appointed by you with the advice and consent of the Senate. Appointive members serve a term of six years and not more than two members of the Board of Directors may be of the same political party. Although the Board elects its own Chairman, it is recognized that your next nominee will also serve as Chairman.

We would like to bring two candidates, J. C. Kennedy and Irvine Sprague, to your attention.

J. C. Kennedy, of Oklahoma, has been a commercial banker for over thirty years, and he has been the Chairman of the Board of Security Bank & Trust Company of Lawton, Oklahoma since 1955. He has not had any previous regulatory experience.

Mr. Kennedy, as FDIC Chairman, could be expected to work well together with the Comptroller of the Currency, the Chairman of the Federal Reserve System, the Chairman of the Federal Home Loan Bank Board, and the Administrator of the National Credit Administration. In recent months, there has been considerable progress towards developing a plan to consolidate the bank regulatory functions. Mr. Kennedy favors consolidation as a means of eliminating some of the duplication of regulation.

Mr. Kennedy was one of your earliest supporters in Oklahoma. Not only would his appointment be well received by Oklahoma political leaders, including Congressman Tom Steed, but he would be your first appointment to a bank regulatory position from the South or Southwest.

Although Mr. Kennedy will be seventy next year, he is confident that he would do a good job.

Irvine Sprague, of Virginia, served as a Director of the FDIC from 1968 to 1972. Sprague's record while he was Director indicates that he would bring a progressive approach to the FDIC that would be very much in line with the regulatory policies of your other appointees.

In 1971, he urged early enactment of several sections of the Banking Reform Act. Specifically, he suggested the Congress act quickly to outlaw the brokering of loans and to provide the regulatory agencies with stronger cease and desist powers to combat self-dealing.

Sprague also endorsed legislation to reduce interlocking directorships and suggested the Congress examine loans on bank stock and the prohibition of equity kickers. These same issues are today being addressed in a comprehensive fashion in the Safe Banking Act of 1978. Since 1977, Mr. Sprague has been the Executive Director of the Democratic Steering and Policy Committee of the U. S. House of Representatives, working closely with Speaker O'Neill. From 1972 to 1977, he was Administrative Assistant to John McFall, House Majority Whip.

Two other candidates who were considered are William Weber, Counsel to the Senate Subcommittee on Financial Institutions, and Lewis Odom, Deputy to the Chairman of the FDIC.

Weber is highly regarded by Senator McIntyre and the Senator has recommended him to you on several occasions. While Weber is well versed on the issues, his lack of administrative, business, or regulatory experience weighs against his appointment.

Lewis Odom has been the top staff person for outgoing FDIC Chairman George Le Maistre. Odom, who was an early campaign supporter in Alabama, has been an effective advocate of your regulatory reforms and is well regarded by all parts of the banking community. However, Senator Proxmire, Chairman of the Senate Committee on Banking, Housing and Urban Affairs, is strongly opposed to Odom. His opposition stems from several legal matters in 1973 unrelated to banking in which Odom exercised poor judgement. In light of the rough confirmation process to which Proxmire subjected Robert McKinney and William Miller, we are very reluctant to recommend Odom's nomination.

RECOMMENDATIONS

Mr. Kirbo and Tim Kraft recommend that you nominate J. C. Kennedy.

Frank Moore and Stu Eizenstat recommend that you nominate Irvine Sprague.

DECISIONS

A. Proceed with the nomination of:

_____ J. C. Kennedy
_____ Irvine Sprague

B. Schedule an appointment(s) with:

_____ J. C. Kennedy
_____ ✓ Irvine Sprague
_____ Other:

✓

IRVINE H. SPRAGUE

PERSONAL

Born: July 4, 1921
Married: Margery Craw, three children

EDUCATION

Stockton College, AA (1939)
College of the Pacific, BA (Economics
and English) (1947)
Harvard School of Business Administration
Advanced Management Program (1972)
University of Indiana, Engineering
ASTP (1943)
George Washington University Law School
(1957)

MILITARY

U. S. Army 1943-1963
(Retired as Lt. Colonel)

EMPLOYMENT

1939-56	Reporter, Stockton Daily Record, Stockton, California
1957-62	Assistant to Congressman John J. McFall California U.S. House of Representatives
1963-66	Deputy Director of Finance State of California
1967-68	Special Assistant to the President The White House
1969-72	Director, Federal Deposit Insurance Corporation Washington, D.C.
1973-76	Administrative Assistant to the House Majority Whip U. S. House of Representatives Washington, D.C.
1977- Present	Executive Director, Democratic Steering Policy Committee, U. S. House of Representatives, Washington, D.C.

RESIDENCE

9510 William Crossman Drive
Great Falls, Virginia 22066

THE WHITE HOUSE
WASHINGTON

10/20/78

Phil Wise
Fran Voorde

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Tim Kraft
Frank Moore

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
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	ADMIN CONFID
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	VICE PRESIDENT
	EIZENSTAT
	JORDAN
/	KRAFT
	LIPSHUTZ
/	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
/	VOORDE
	WARREN
/	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

October 14, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE *FM/BR*
TIM KRAFT *TK/aus*

The Federal Elections Commission recently made a ruling that for the first time will enable labor unions to use Treasury money for expenditures for Get-Out-the-Vote (GOTV). This is a very significant development. We recommend that you drop by a meeting that John White could hold in the Roosevelt Room for a group of labor leaders along with representatives of other constituency groups (who have been meeting regularly at the DNC in targeting sessions) to encourage them to support GOTV efforts in key targeted states. This will complement your announcement at the DNC about our national GOTV effort and will ensure that none of the traditional groups feel excluded from this program.

APPROVE _____

DISAPPROVE _____

cc: Phil Wise
Fran Voorde

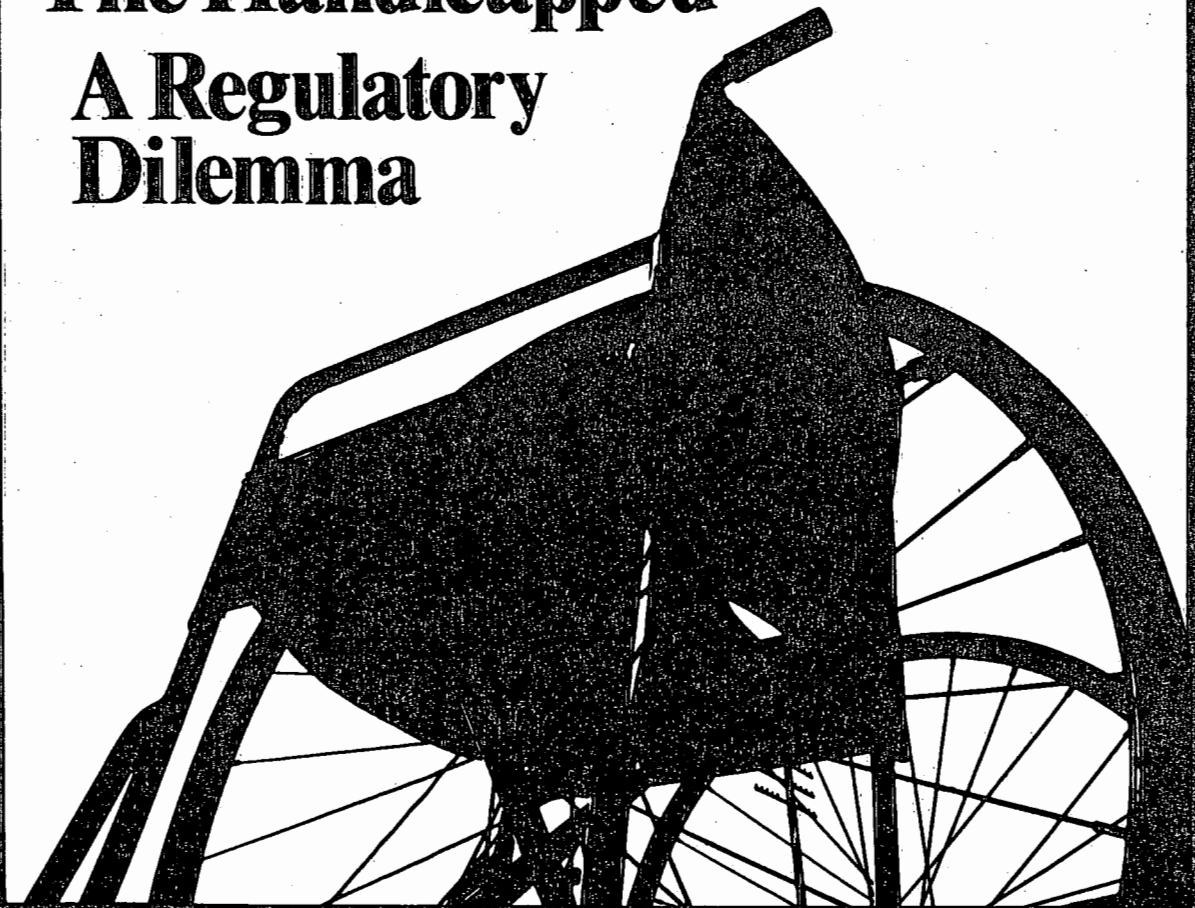
National Journal

Jordan on Jordan
At Last—Taxes and Energy

THE WEEKLY ON POLITICS AND GOVERNMENT

OCT. 21, 1978/NO. 42

Access for The Handicapped A Regulatory Dilemma



AT A GLANCE

Airline Deregulation

On the final day of the session, both the Senate and House approved the conference report on the airline deregulation bill. The bill phases out the Civil Aeronautics Board by 1985, taking away its power to award routes by 1981 and to set fares by 1983, while at the same time giving the carriers more flexibility to raise and lower fares and enter and exit markets. In the rush to adjourn, however, Congress did nothing about the airline noise bill, despite a last-minute effort by House sponsors to attach it to the deregulation bill. The bill would have provided the airlines with funds to meet 1985 federal noise standards. (See this issue, p. 1692; *NJ*, 9/9/78, p. 1431.)

Alaska Lands

The designation of vast areas of Alaska as parks and wilderness was the environmental movement's top priority in the 95th Congress—"The conservation vote of the century." But in the end, the conservationists preferred no bill to a weak compromise—and that is exactly what they got. Sen. Mike Gravel, D-Alaska, even killed a last-minute measure passed by the House that would have protected potential parks and wilderness areas from development for one more year. Now it is up to Carter and Interior Secretary Cecil D. Andrus to find ways to maintain the status quo under the authority of other public lands statutes. (See *NJ*, 4/18/78, p. 550.)

Budget

The tax cut bill passed by the 95th Congress was shaped by considerations of budget restraint. The \$18.7 billion first-year impact of the bill fell far short of the \$24.5 billion tax cut that Carter requested last January, before rising inflation forced him to scale back his recommendations. The new tax cuts, coupled with extensions of temporary cuts, will put revenue by \$19.3 billion in fiscal 1979—comfortably within the \$21.9 billion that Congress allowed itself in its binding second budget resolution for the year. Other measures, including the energy tax bill, leave the total tax cut at only \$20.6 billion in the fiscal year. (See this issue, p. 1678.)

Civil Service

In a White House ceremony, Carter signed the civil service reform bill—his biggest domestic triumph of the 95th Congress—on Friday, Oct. 13. Now that the Civil Service Commission has secured that initiative, it is turning to a plan to increase minorities and women in high-ranking civil service jobs. The Sugarman plan, named for Jule M. Sugarman, vice chairman of the commission, has run into considerable opposition in Congress, where some Members are afraid that it would undermine the merit hiring system. Sugarman maintains that the plan contains adequate safeguards. (See this issue, p. 1680; *NJ*, 9/30/78, p. 1540.)

Congressional Oversight

The 95th Congress exhibited renewed interest but a mixed record on congressional oversight. House Majority Whip John Brademas, D-N.Y., predicted the subject will be a major concern of the 96th Congress. In the Congress just ended, the Senate passed a sunset bill ending most federal programs after rejecting a proposal for periodic review of all tax provisions. The House held fast to its support of the legislative veto over Federal Trade Commission rules, and a group of second-term House Democrats called for more thorough congressional committee review of agency programs. (See this issue, p. 1611.)

Consumer Affairs

Despite the efforts of state attorneys general, governors and consumer groups, Congress adjourned without acting on legislation to overturn the Supreme Court's *Illinois Brick* decision and restore the rights of indirect purchasers to sue for antitrust price fixing violations. Last-minute strategy failed for attaching it to the tax bill, but it was ruled non-germane. In an unexpected move, Congress also approved legislation extending interest-bearing checking accounts to federally chartered savings and loan associations and commercial banks in New York. Currently, such accounts are allowed only in New England. (See *NJ*, 6/17/78, p. 963; 4/11/78, p. 520.)

Education

The compromise on tuition tax credits to benefit middle-income families fell apart at the end of the 95th Congress. Instead, Congress expanded traditional college aid programs to include about 1.5 million more students in the basic educational opportunity grant program by raising the income ceiling on the guaranteed student loan program. Total cost is pegged at \$700 million to \$900 million. Families with children in private elementary and secondary schools were left out. (See this issue, p. 1692; *NJ*, 8/19/78, p. 1335.)

Energy Production, Conservation

On the last day of the 95th Congress, the House gave final approval to a truncated version of the Carter energy program. Enactment came 18 months after Carter sent his omnibus energy legislation to Capitol Hill. In a single vote on Oct. 15, the House approved five conference reports that had cleared the Senate. The House vote was 231-168. The five measures are: energy conservation (HR 5037), coal conversion (HR 5146), utility rate reform (HR 4018), natural gas pricing (HR 5289) and energy taxes (HR 5263). The Senate attached the energy legislation to minor House-passed bills. (See this issue, p. 1682.)

Energy Taxes

The energy tax legislation that got through Congress includes few of the items Carter asked for. The Administration sought a crude oil equalization tax to boost domestic oil prices to the world market level, taxes on the use of oil and natural gas by industries and electric utilities, taxes on the sale of gasoline-guzzling cars and tax rebates for buyers of gas-saving cars. Only the gasifier tax was included, under a milder schedule than the Administration sought. The first penalties would be levied on 1980 models. The tax measure also includes some tax incentives for energy production. (See this issue, p. 1682.)

Government Reorganization

Carter battled four for four with the reorganization plans that he submitted to Congress in 1978. The first three plans took hold when Congress failed within 60 days to disapprove of them. But the fourth plan, to consolidate jurisdiction between the Treasury and Labor Departments over the 1974 pension act, needed affirmative congressional action, because 60 days no longer remained in the 95th Congress when Carter submitted it. The necessary action—rejection of resolutions to disapprove of the plan—came in the House on Oct. 12 and the Senate on Oct. 13. (See *NJ*, 9/23/78, p. 1514.)

Health Policy

Hospital cost containment legislation rose briefly from the dead during the final days of the 95th Congress, only to expire when Congress adjourned. The Senate accepted a proposal by Sen. Gaylord Nelson, D-Wis., to back up voluntary hospital cost containment efforts with mandatory federal controls. But the measure died in the House. Carter, who made cost containment his chief health proposal during the first two years of his term, is expected to urge hospitals to restrain their costs when he delivers his forthcoming inflation message. (See this issue, p. 1687.)

Inflation

Carter is putting the final touches on his fireside chat on inflation, in which he is expected to announce guidelines limiting annual wage increases to 7 per cent and price increases to 5.75 per cent. The message's political urgency grew when the Council on Wage and Price Stability reported that the cost of living, which rose at an "ominous" 9.5 per cent annual rate in the first eight months of 1978, will probably go up by considerably more than 7 per cent for the full year. The Administration's latest official 1978 estimate, in July, was 7.2 per cent. (See *NJ*, 9/23/78, p. 1496; 7/15/78, p. 1126.)

A WEEKLY CHECKLIST OF MAJOR ISSUES

Intergovernmental Relations

The intergovernmental lobby is ambivalent about the 95th Congress. The state, county and city interest groups were stung by the failure of countercyclical revenue sharing and welfare reform, but pleased by adoption of the transportation bill, reauthorization of elementary and secondary education programs and the energy bill. Kentucky Gov. Julian Carroll, chairman of the National Governors' Conference, praised congressional balancing of crucial needs and fiscal restraint. But the National Conference of State Legislatures and the National Association of Counties faulted the last-minute crush of bills as "no way to do business." (See *NJ*, 10/7/78, p. 1597.)

Jobs

The Humphrey-Hawkins full employment bill, stalled for months in the Senate, was passed in the final legislation blitz of the 95th Congress. Carter worked hard for the bill, which early in its life would have guaranteed jobs for all Americans. But this provision, along with all others that would have provided the means to achieve the bill's goals, was deleted. In the final bill are goals of 4 per cent unemployment and 3 per cent inflation by 1983, as well as zero inflation by 1988. Despite the dilution, the Congressional Black Caucus claimed the bill as a major accomplishment. (See this issue, p. 1688.)

Nuclear

Most of the crucial questions facing the nuclear power industry were left unanswered by the 95th Congress. No action was taken on Carter's proposals to streamline the licensing of atomic power plants. The fate of the Clinch River (Tenn.) breeder reactor was left in limbo when an Energy Department authorization bill got sidetracked. The bill contained provisions that would have given Carter discretion to halt the project, which he opposes because of concern over the possible diversion of plutonium fuel for use in nuclear weapons. Congress acted on only one aspect of the nuclear wastes problem—residues from old uranium mills.

Oil, Gas Pricing

The natural gas pricing legislation that cleared Congress on Oct. 15 will boost the ceiling price on new gas sold across state lines by one third. Producers are now allowed a top price of about \$1.50 per thousand cubic feet for interstate sales. The legislation sets the new ceiling price at about \$2, effective immediately, and provides further increases up to 1985, when controls could be lifted from new gas. The new ceiling price under federal controls is higher than the \$1.75 prevailing in the now uncontrolled intrastate market. (See this issue, p. 1682.)

Party Politics

A Census Bureau study projected that northern and midwestern states will lose at least 11 House seats and those in the South and West will gain at least 10 if current population trends are reflected in the 1980 census. New York would lose four of its 39 seats; Ohio, Pennsylvania and Illinois could lose two each. The biggest gainer would be Florida, which would add at least three to its current 15 seats; Texas would gain two. Meanwhile, a study published by the American Enterprise Institute challenged the conventional wisdom on the electoral power of incumbency and said most voters carefully examine the candidates. (See *NJ*, 10/7/78, p. 1588.)

Regulation

Striking a blow at Occupational Safety and Health Administration (OSHA) regulation, the U.S. Court of Appeals for the 5th Circuit struck down an OSHA standard governing exposure to benzene. The court ruled that OSHA had failed to establish that the cost of implementing the regulation would provide corresponding benefits. The decision, if allowed to stand, could hamper other efforts at social regulation not only by OSHA but by other federal agencies as well. In this category would fall the Transportation Department's regulations governing access to public transportation for the handicapped. (See this issue, p. 1672; *NJ*, 8/12/78, p. 1281.)

Tax Policy

A Congress influenced by the middle-class taxpayers' revolt has sent Carter a tax bill that provides disproportionate benefits to the working poor and the very wealthy. In addition to reducing individual income tax rates, the bill expands the earned income credit for the poor and cuts the capital gains tax for some of the very rich. Only for these groups is the bill likely even to offset the combined effect of rising social security taxes and inflation as it drives individuals into higher tax brackets. The bill includes corporate tax cuts but excludes most of the tax reforms that Carter sought. (See this issue, pp. 1678, 1686.)

Trade

The Administration feels Congress fouled up multilateral trade negotiations with two actions just before adjournment. First, it passed legislation requiring import restrictions on textiles. But this measure was attached not to the Export-Import Bank reauthorization bill, as it had been in the Senate, but to a less important bill requiring the sale of silver dollars, and a veto was likely. Second, Congress failed to extend authority to waive countervailing duties on subsidized imports beyond Jan. 3. The House and Senate approved the countervailing duty waiver, but as riders to different bills, neither of which got final approval. (See *NJ*, 10/7/78, p. 1612.)

Transportation

Carter has promised to sign the \$51 billion, four-year highway and mass transit compromise. Although it didn't get all the money it sought, the highway lobby breathed a sigh of relief when the bill cleared Congress, assuring that highway programs would be continued with no interruptions. The compromise is nearly \$16 billion less than the House-passed bill, but most of the cuts were made in spending for the fourth year. Highway interests are confident that more money will be authorized before 1982. (See *NJ*, 8/19/78, p. 1316.)

Urban Policy

Anti-recession fiscal assistance, the only big urban program other than the Comprehensive Employment and Training Act (CETA) reauthorization that had a chance of adoption by the 95th Congress, died in the final days. John J. Gunther, executive director of the U.S. Conference of Mayors, said the House Democratic leadership feared a filibuster if the measure reached the floor. Eight minor initiatives slipped through as part of the housing, highway and mass transit and tax cut bills. Included in the last were the employment and investment tax credits. (See *NJ*, 9/30/78, p. 1567; 9/23/78, p. 1504.)

Water Policy

Carter's determination to impose executive branch discipline on the water project spending habits of Congress finally bore fruit. His successful veto of the public works appropriations bill resulted in a compromise that saw 17 projects dropped. The total cost of completing the deleted projects had been estimated at nearly \$1.6 billion—most of the "excessive" water project spending that he said had totaled almost \$1.8 billion in the original bill. The stage is now set for a full examination in the next Congress of Carter's national water policy proposals, including uniform criteria for new projects. (See *NJ*, 10/14/78, p. 1656.)

Welfare

The 95th Congress adjourned without acting on any of the proposed welfare reform or fiscal relief measures. But the issue will be back early next year when the new Congress convenes. Administration planners are putting together recommendations for a revised, less expensive version of its plan, which Carter is expected to review later this fall. Just when the Administration will introduce the new package is not known. Meanwhile, the Agriculture Department has issued regulations to reflect changes made by Congress to eliminate the purchase requirements for food stamps, to help the poorest families. (See *NJ*, 9/23/78, p. 1519.)

THE WHITE HOUSE
WASHINGTON

10/20/78

The Vice President
Stu Eizenstat
Jim McIntyre
Charlie Schultze
Charles Warren

The attached was returned
in the President's outbox
today and is forwarded to
you for appropriate handling.
The signed original original
has been given to Bob Linder
for distribution.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

Mr. President:

Lipshutz and Wexler concur.

Jack Watson and Congressional
Liaison have no comment.

Rick/Bill

THE WHITE HOUSE

WASHINGTON

October 18, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
SI LAZARUS *Si*

SUBJECT: Memos by Charlie Schultze and
Others on Regulatory Review

Charlie Schultze's memorandum of September 29 asks your approval for extension of the Regulatory Analysis Program ("RAP"). You approved the establishment of this program one year ago, on condition that it be reassessed after six months. All the 13 agencies participating in the program recommend that it be renewed, with the minor modifications and clarifications noted in Charlie's memo. We concur, and recommend that you issue the attached Memorandum to Agency and Department Heads announcing its renewal.

RAP was originally established simply as a mechanism to facilitate inter-agency comment on proposed agency regulations, through discussion and filing of comments in the issuing agency's public record. Extending this mechanism is a relatively simple and non-controversial decision.

However, EOP regulatory review activities have in some instances gone beyond this public comment function ("Phase I" in Charlie's memo), and urged issuing agencies, and in some cases, you, to change the final regulations ("Phase II"). Charlie's memo notes that henceforth the role of the Regulatory Analysis Review Group ("RARG" or the "Review Group") will cease with the filing of comments in the public record on a proposed regulation. Individual agencies in or out of EOP may follow through with further involvement in the promulgation of the final regulation, but they will do so on their own. This is a sound change, and will soften somewhat the opposition of environmental and labor groups to the program.

As Charlie's memo notes, interagency consultation is now underway on the broad question of whether and how EOP or other agencies, and yourself, should participate in the shaping of final agency regulations. We expect recommendations to be sent to you by mid-December. However, as Charlie further states, there are a small number of regulations currently in the "pipeline," which may reach the final

promulgation stage in the immediate future, before a comprehensive decision memo is ready for your review. Hence, he seeks your approval of his continuing, on an interim ad hoc basis, "Phase II" efforts to follow the development of these near-final regulations, with the expectation of persuading the issuing agency to accept some or all of his recommendations, or possibly to bring the matter to your attention.

We believe that you should authorize Charlie to continue following the development of these "pipeline" regulations, but that he should be cautious about bringing issues concerning the final shape of regulations to you pending submission to you of general recommendations on Presidential regulatory review -- unless a particular regulation presents exceptionally serious problems, the issuing agency will not cooperate in resolving them without a word from you, and there is adequate legal basis for the actions he proposes that you take.

As the bulk of these memos indicate, controversy exists within and without the Administration about the wisdom of oversight of regulatory decisions by EOP and other agencies. CEQ's September 18 memo (which we like Charlie Schultze, did not see before it reached you) contends that environmental regulations do not contribute significantly to inflation; Charlie's response argues that CEQ has misinterpreted the Chase Econometrics study on which its argument is based, and that new regulations significantly worsen inflation and productivity. Environmental and labor groups contend that regulatory agencies like OSHA and EPA are expert and should not be reviewed by yourself or EOP officials. Others, like the blue-ribbon American Bar Association Commission cited in Charlie's memo, consider single-mission regulatory agencies insensitive to important national interests affected by their decisions -- such as energy conservation and inflation -- and urge that only the President can reconcile the competing interests involved in regulatory policy.

Politically, CEQ contends that Presidential or EOP review or regulatory decisions will offend environmental and labor constituencies. Others, including ourselves, believe that political damage would be even greater if it were perceived that the Administration had retreated from your earlier commitments to assure that regulations are cost-effective. Moreover, if your initiatives do not show that the Presidency is capable of asserting meaningful control of Executive Branch regulatory policy, congressional review devices like the legislative veto -- far more threatening to regulatory goals -- are very likely to proliferate in the 96th Congress.

These major issues about regulatory oversight will be explored thoroughly in the comprehensive memo on this general subject now being prepared. In the meantime, we recommend that you:

- o Approve the attached Memorandum to Agency and Department Heads, renewing the interagency component of the Regulatory Analysis Program, with the modifications specified in Charlie's September 29 memo.

Approve ✓ Disapprove _____ J

- o Authorize Charlie to continue following major regulations already in the development "pipeline," but to be cautious about bringing issues to you, pending inter-agency consultation on the general question of Presidential regulatory review.

Approve ✓ Disapprove _____ J

Two final notes: First, the Warren-Speth September 18 memo could be construed as a recommendation to dismantle the Regulatory Analysis Program, especially because it quoted approvingly from a letter to you from the Natural Resources Defense Council urging termination of all inter-agency review of proposed regulations. Because of the possibility that your marginal notation "I agree" could, if leaked, be misused by opponents of the RAP program, I have asked Charlie Warren to restrict circulation of the memo, and he has agreed.

Second, we are conferring with the regulatory agencies about possible new regulatory reform steps which could be announced in your upcoming anti-inflation speech. We may be able to forge sufficient agreement to announce one or two initiatives at that point.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Renewal of Regulatory Analysis Program

I have determined to revise and renew the Regulatory Analysis Program until June 30, 1980, the expiration date for Executive Order 12044 on Improving Government Regulations. This Program was initiated on an interim basis on November 25, 1977. In the succeeding months, The Regulatory Analysis Program facilitated prompt and informed inter-agency consideration of major proposed regulations. It has also assisted agencies in carrying out the requirement of Executive Order 12044 that vital Federal regulatory goals be pursued in the most cost-effective manner possible.

Under this program, fifteen Executive Branch entities will sit as members of the Regulatory Analysis Group to review, discuss, and submit formal comments on 10 to 20 of the most important major regulations proposed each year by Executive Branch agencies. No more than four of these proposed regulations shall come from any one agency. All functions of the Review Group shall terminate upon the filing of comments in the rulemaking record of the issuing agency.

Proposed regulations will be selected for review by a four-member Executive Committee of the Review Group. The Executive Committee shall be chaired by the Council of Economic Advisors; the Office of Management and Budget shall serve as a permanent member, and the other two members shall be one "economic" agency and one "regulatory" agency, chosen every six months on a rotating basis.

Members of the Regulatory Analysis Review Group shall be:

Economic Agencies:

Council of Economic Advisors
Office of Management and Budget
Department of Commerce
Department of Labor
Department of the Treasury

Regulatory Agencies:

Department of Agriculture
Department of Energy
Department of Health, Education, and Welfare
Department of Housing and Urban Development
Department of Interior
Department of Justice
Department of Transportation
Environmental Protection Agency

Other Participant:

Office of Science and Technology Policy

The Council on Environmental Quality will serve as an advisor to the Review Group and the Domestic Policy Staff will be an observer.

Additional procedures and requirements to implement this Memorandum and to facilitate the Regulatory Analysis Program may be developed by the members of the Review Group.

Jimmy Carter

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 29, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: Extension of the Regulatory Analysis Program

Last October, you approved the Regulatory Analysis Program (RAP) which established interagency review of major regulations proposed by executive branch agencies. The process started in January 1978. You also asked for a review after six months.

The attached memorandum, reflecting consultations with participants in the program, outlines the current status of the review effort and proposes its extension with minor modifications.

The program has been slow to gather steam, but has now reviewed some critical regulations. As time goes on, we will need to continue to build up both the analysis and Executive Office oversight of the regulatory process along the lines of the RAP. I therefore recommend that you extend the program together with the modifications suggested above through June 30, 1980 -- the expiration date of Executive Order 12044.

Extend program as described below _____ (All agencies).

Do not extend program _____.

Other:

Attachment

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

Background on the Regulatory Analysis Program

Last October, you approved the Regulatory Analysis Program (RAP) which established interagency review of the assessments of economic impacts of major regulations proposed by executive branch agencies. The review process started in January and has functioned continuously since then. This memorandum, reflecting consultations with participants in the RAP, outlines the current status of the review effort, suggests some minor modifications, and seeks your approval of its extension.

Background

The RAP is designed to achieve two objectives. The more limited goal is to review and improve the quality of regulatory analyses of major regulatory proposals. Such analyses are required by Executive Order 12044, which you signed this March. A broader objective is to use the review process within the Executive Office of the President as one tool to improve the cost-effectiveness of the regulations themselves.

Under the procedures you approved last October, reviews of regulatory analyses are performed by the Regulatory Analysis Review Group (RARG), composed of CEA, OMB, EPA, and all Cabinet departments with the exception of State and Defense. The original proposal called for the review of 10 to 20 analyses (but no more than four from any one agency) per year.

Reviews occur during the period set by the Agency for receiving public comments on its regulatory proposals. Results of the RARG review are made public and a final report is filed on the last day of the public comment period.

Activity to Date

The RARG has completed one review and three are now underway. An additional 10 regulations have received informal reviews by the RARG or by CEA and CWPS. In the other cases listed, the RARG or some of its members have reviewed regulatory issues on an informal basis without filing a final report in the public record. The total estimated costs of regulations taken up to date is in the neighborhood of \$50 billion.

Assessment

Performance to date has been mixed. On the positive side:

- The RAP is acknowledged to be one of your Administration's most important substantive programs for reducing the regulatory burden.
- The RAP has received considerable attention and support from a recent American Bar Association Commission. Indeed, they suggested steps to toughen the program.
- We have had some limited success in making agencies think more carefully about the economic costs of regulations.

On the negative side:

- The program has been slow to gather momentum and few reviews have taken place. In part, this is simple inertia in getting underway. In part, the lack of staff and expertise in the Executive Office has slowed the analysis.
- The cotton dust episode was seen as a "defeat" for the program and its advocates. As reported by the press, the outcome confused participants (in the Executive Office and in the regulatory agencies) about the degree of Presidential support for the RAP.
- Because the RAP must react to agency proposals one by one, it is seen as largely defensive. We need to examine steps which will allow a more comprehensive approach to regulations. There is currently no way to evaluate cumulative impacts on the economy as a whole or on individual industries.

On balance, I am convinced that the RAP or some more effective Executive Office mechanism is fundamental to balancing competing national goals. We may propose some major changes at the end of this year; for now I mainly suggest extending the program. No agency proposes abolition or major modification of RAP. What follows are mainly housekeeping suggestions.

Proposed Changes

We propose the following changes in the program:

(1) There has been concern about the intermingling of analysis and policy. To clarify the distinction, we will separate the Regulatory Analysis Program into two phases:

- o Phase I -- analysis -- will consist of RARG review. The report will be filed before the close of public comment period, at which point RARG will (except as provided in (2)) end its role.

- o Phase II -- policy -- will involve White House and Executive Office staff and affected agencies and will not involve the Review Group. The policy phase will consist of informal consultations and decisionmaking -- such as those that take place in agricultural policy decisions. Jim McIntyre thinks that Presidential involvement should proceed with great caution. (See the ~~attached~~ memo.)

It should be emphasized that five to ten proposed regulations likely to come up over the next two months involve enormous economic and energy impacts. Proposals that may be involved in this second phase include EPA's ozone standard and new source performance standards for steam electric plants, Interior's surface mining regulations, and OSHA's generic carcinogen policy. Depending on how final decisions go, oil imports could easily be 500,000 barrels/day larger, and economic costs \$50 billion higher, than would occur with cost-effective regulation.

(2) For regulations in the "pipeline" -- those proposed before the RAP was set up -- the RARG would select important proposals for review. In cases of major economic significance where public comment periods had closed, agencies may be asked to reopen them.

(3) Finally, our experience to date has also demonstrated the need for independent scientific (as well as economic) expertise in reviewing regulations. We have sometimes been severely hampered by lack of detailed knowledge on technical issues.

Therefore, if the program is extended the Office of Science and Technology Policy (OSTP) will be added as a member to the Review Group and CEQ will be added as an adviser on matters related to the environment, health and safety.*

*In addition, the Group has agreed on some housekeeping changes: (1) Executive Committee membership will be extended to 6 months; (2) the final report will be a "RARG report", reflecting dissenting views.

The implementation of the above modifications would improve the review process. We still have a long way to go, however, to achieve our regulatory reform objectives. At present, the RAP has mainly focused on improving the quality of the information and analyses used by regulatory agencies -- Phase I above. We eventually will need to tackle the issues raised by Phase II and design a framework for comprehensive oversight of the regulatory process. You will receive shortly suggestions for developing options for better control of Federal regulatory actions.

Attachment

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 29, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*
SUBJECT: Warren-Speth Memo on "Inflation and
Environmental and Health Regulations"

Charles Warren and Gus Speth's memo to you of September 18 was not sent to CEA for comment prior to its submission to you. The memo reflects the views of the CEQ members with respect to the Administration's regulatory reform efforts. However, it contains factual statements about the impact of regulation and the political consequences of our regulatory reform efforts that are, in my view, misleading. In light of your comment, "I agree," on the memo, I felt it important to bring to your attention my concerns with this memo.

The Economic Impact of Regulations

The CEQ memo cites the results of a study, by Chase Econometrics, Inc., of the impact of environmental regulations on inflation. The study estimated that environmental regulations will increase the average annual rate of inflation by .35 percent for the period 1970 to 1983. On the basis of this evidence, CEQ concluded that environmental regulations "do not contribute substantially to inflation." I have three comments.

First, an impact even of the magnitude cited in the CEQ memo is not insubstantial in my view. However, the study to which CEQ refers actually found a greater impact from environmental regulations in the latter part of the period. Chase estimated that between 1976 and 1983 environmental regulations would raise the average annual inflation rate by .44 percentage point.

Second, the Chase study assumed a recession in 1978 during which unemployment reached 10 percent. Such an outcome is unlikely, in my view. Without a recession of the magnitude assumed, the cost increases due to regulation would have been more fully reflected in higher prices. In the absence of a recession, the Chase study showed that environmental regulations would raise the average annual inflation rate by .53 percentage point from 1976 to 1983.

Third, the CEQ memo and the Chase study refer only to the economic effects of environmental regulations. The economic impact of other forms of Federal regulations, including regulations issued by OSHA, HEW, FDA, USDA, and other agencies also is substantial. Although studies of the economic impact of regulations are far from perfect, they do indicate that the total costs of regulation are very large. For example:

- The economic costs of regulations are directly reflected in reduced labor productivity. The rate of growth of productivity has virtually collapsed - from about 3 percent annually in the 1950s and 1960s to about 1-1/2 percent in this decade. It would be a gross exaggeration to state that regulation has been the sole cause of this slowdown, but academic studies conclude that regulation is a major factor. Edward Denison of Brookings has estimated that anti-pollution and workplace health and safety regulations alone reduced the rate of productivity increase by about 0.4 percentage point in 1975 and that the impact of these regulations on productivity has been growing steadily throughout the 1970s. The Chase study of the 1976 and 1983 period found that the level of productivity in 1983 would be 2.2 percent below the level in the absence of environmental regulations. The decline in productivity growth contributes significantly to economic problems such as inflation and the slow growth of real incomes, the weakness of the dollar, and perhaps to the general malaise among consumers.
- The impact of regulations on individual industries can be dramatic. Mine safety regulations, for example, are cited as the primary cause of a

decline in labor productivity since 1969 of 40 percent in underground coal mining and 28 percent in surface mining. Similarly, EPA estimates that its own regulations have raised costs by 12 percent in the copper industry, which today faces considerable import competition. Chase Econometrics also estimates that automobile prices between now and 1985 will rise \$750 per car due to new safety, emission, and fuel-economy standards, and that prices will rise a further 1 percentage point per year to accommodate the cost of new light-weight metals.

- Current regulatory procedures often leave firms highly uncertain about the future requirements. Moreover, many licensing requirements substantially lengthen planning and construction periods and require firms to plan beyond the period for which reasonable forecasts of capacity needs can be made. Thus, new investments are discouraged, and our productivity problems made worse.

I recognize that the nation gets very important benefits from environmental and other regulations that are not counted in the standard measures of GNP and productivity. But so also do Federal health, welfare, and other budget programs provide benefits that are not fully measured in the GNP. Yet no one would suggest:

- o that the size and timing of those programs should be immune from review by the Executive Office of the President;
- o or that we should not make every effort to secure the benefits at the least possible cost to the nation.

I do not conceive of regulatory reform as a device to halt progress toward environmental, health and safety objectives. But I do believe that major proposals of the regulatory agencies, even in these sensitive areas, should be subject to analysis and review.

Political Aspects of Regulatory Reform

The CEQ memo raises the prospect of enormous political cost to the Administration from active pursuit of your regulatory reform objectives. In particular, it cites criticism that the Regulatory Analysis Program is "undermining your support with many of those who have been your strongest supporters," i.e., those in the environment movement. There is no question that efforts to reform the regulatory process will entail heated political debate. Environmental and labor groups are dedicated to the objectives of the Government's regulatory program and view with suspicion any effort to introduce into the process concerns that compete with their own. Similarly, as we have seen with the airline deregulation bill, regulated industries also resist strongly efforts to limit the Federal role in price- or rate-setting and market entry.

Your Administration has been forthright in pointing out the glaring need to face up to the costs and inefficiencies of our regulatory program. Often, the costs of particular regulations are excessive. The failings of the regulatory process have aroused anger and deep concern in the private sector. Corporations are sponsoring major publicity campaigns to point up the economic burden of regulation. Although still in its infancy, the Regulatory Analysis Program is certainly one of our most popular programs with the business community as a result of this growing concern with regulation.

Twice this year, the Senate has acted against OSHA regulations -- first when it voted to exempt small businesses from OSHA rules, and last Monday when it voted to delay the effective date of the cotton dust rule. If erosion of environmental and health and safety objectives by such ad hoc and ill-advised Congressional actions is to be avoided, and if the legitimate concerns of the nation with regard to regulation are to be met, we must move forward with regulatory reform efforts.

Therefore, I disagree strongly -- on economic and on political grounds -- with CEQ's recommendation that "Administration regulatory review efforts should focus more on ferreting out old regulations that are anti-competitive or no longer serve a useful purpose, and much less on new regulatory proposals in the health and environmental areas." Today, I also sent you separately a report of the interagency group that conducted the six-month review of the Regulatory Analysis Program. It outlines

several improvements in the program, and recommends that you extend the program's life. I recommend that you endorse this program and give it your full backing in the months ahead. Regulatory reform is a vital ingredient in our anti-inflation effort, a popular program with the American people, and essential in the long run to achieving our environmental and health and safety objectives without incurring unacceptable costs.

CEA, DPS, OMB and other agencies are exploring ways to further enhance the regulatory reform effort. We also are working to build better bridges to the environmentalist and labor communities in order to reduce their opposition to these programs, if not gain their support. Your continued strong support for these efforts, both publicly and in the process of Administration decision making, is of critical importance to its success.

THE WHITE HOUSE
WASHINGTON

10/20/78

The Vice President
Stu Eizenstat
Jim McIntyre
Charlie Schultze
Charles Warren

The attached was returned
in the President's outbox
today and is forwarded to
you for appropriate handling.
The signed original original
has been given to Bob Linder
for distribution.

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Renewal of Regulatory Analysis Program

I have determined to revise and renew the Regulatory Analysis Program until June 30, 1980, the expiration date for Executive Order 12044 on Improving Government Regulations. This Program was initiated on an interim basis on November 25, 1977. In the succeeding months, The Regulatory Analysis Program facilitated prompt and informed inter-agency consideration of major proposed regulations. It has also assisted agencies in carrying out the requirement of Executive Order 12044 that vital Federal regulatory goals be pursued in the most cost-effective manner possible.

Under this program, fifteen Executive Branch entities will sit as members of the Regulatory Analysis Group to review, discuss, and submit formal comments on 10 to 20 of the most important major regulations proposed each year by Executive Branch agencies. No more than four of these proposed regulations shall come from any one agency. All functions of the Review Group shall terminate upon the filing of comments in the rulemaking record of the issuing agency.

Proposed regulations will be selected for review by a four-member Executive Committee of the Review Group. The Executive Committee shall be chaired by the Council of Economic Advisors; the Office of Management and Budget shall serve as a permanent member, and the other two members shall be one "economic" agency and one "regulatory" agency, chosen every six months on a rotating basis.

Members of the Regulatory Analysis Review Group shall be:

Economic Agencies:

Council of Economic Advisors
Office of Management and Budget
Department of Commerce
Department of Labor
Department of the Treasury

Regulatory Agencies:

Department of Agriculture
Department of Energy
Department of Health, Education, and Welfare
Department of Housing and Urban Development
Department of Interior
Department of Justice
Department of Transportation
Environmental Protection Agency

Other Participant:

Office of Science and Technology Policy

The Council on Environmental Quality will serve as an advisor to the Review Group and the Domestic Policy Staff will be an observer.

Additional procedures and requirements to implement this Memorandum and to facilitate the Regulatory Analysis Program may be developed by the members of the Review Group.

Jimmy Carter